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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Spanish left prepares hot reception for Reagan, Page 3

World news

Threat of lockout to Swedish strikers

Sweden's white-collar government workers' union, which has disrupted the country's air and rail networks in a day-old selective strike, faces retaliatory action today.

A government negotiating board will announce details of a lockout that will affect 100,000 union members, aimed at forcing an early settlement of the strike.

The conflict is emerging as a serious threat to the Social Democrat Government's economic strategy, just as the hotly contested general election campaign gets under way. Page 18

Beagle treaty ratified

The Chilean and Argentine foreign ministers exchanged instruments of ratification putting into effect a Vatican-mediated treaty ending the century-old Beagle Channel dispute.

Police story 'false'

South African police conspired to give a completely fabricated account of how they shot dead 20 marchers near the town of Uitenhage, a lawyer for the victims' families told an official inquiry.

Soldier 'shot Aquino'

Philippines opposition leader Benigno Aquino was shot by a uniformed soldier as he left his aircraft at Manila airport, an eyewitness dubbed "the crying lady" testified. Page 4

Iran elections

Iran will hold presidential elections before July 22, the interior ministry said.

Gulf tankers hit

A Philippine seaman was killed and three injured when an Iranian rocket hit Liberian-registered tanker Nordic Trader off Qatar. A Japanese tanker was also hit. Page 4

Nigerian exodus

Nigeria's land borders, closed for a year, will be reopened today to let out 700,000 illegal aliens told to leave the country.

Israeli 'N-missiles'

Israel has deployed several nuclear-tipped missiles in the Negev Desert and the Golan Heights, the Washington-based newsletter Aerospace Daily reported.

Rebels 'kill 24'

Afghan rebels blew up one of their arms dumps in Pakistan, killing about 24 Soviet and Afghan captives who had seized it.

Brussels bomb scare

Police evacuated the French embassy and several other buildings in central Brussels in a bomb scare after Wednesday's car bomb which killed two firemen.

Spanish resort blasts

Spanish police combed popular Mediterranean beaches in search of bombs after two blasts which appeared to signal the start of a threatened campaign against tourism by Basque Eta guerrillas Page 3

Rightists sentenced

Rome court passed sentences ranging from 18 months to more than 20 years on 53 members of right-wing extremist group charged with a series of murders and robberies.

Extradition ordered

A U.S. magistrate ordered 85-year-old alleged Nazi war criminal Andrija Artukovic to be extradited to Yugoslavia, where he is accused of being involved in the murder of more than 6,000 civilians.

Business summary

British jobless at record in April

UNEMPLOYMENT in Britain jumped to a record level in April, causing dismay among ministers. The seasonally adjusted total rose by 29,200, the largest monthly increase for two years, to 3.177m – 13.1 per cent of the workforce. Page 12

DOLLAR remained firm in London, rising to DM 3.173 (DM 3.1475), SwFr 2.66 (SwFr 2.6375), FFr 9.6525 (FFr 9.59) and Y252.85 (Y252.75). On Bank of England figures the dollar's index rose from 148.0 to 148.4. In New York it closed at FFr 9.6850, SwFr 2.6655, DM 3.1750 and Y252.95. Page 41

STERLING lost 20 points against the dollar in London to finish at $1.2215. It also eased to Y308.5 (Y309.0) but was firmer at DM 3.875 (DM 3.85), SwFr 3.2375 (SwFr 3.23) and FFr 11.75 (FFr 11.71). The pound's exchange index was unchanged at 77.7. In New York it closed at $1.2173. Page 41

LONDON equities advanced but little interest was shown in gilts. The FT Ordinary share index added 11.5 to 989.9. Section III

WALL STREET: The Dow Jones industrial average closed 0.22 up at 1,242.27. Section III

TOKYO shares were slightly lower, discouraged by Wall Street's overnight performance. The Nikkei-Dow market average lost 4.86 to 12,451.79. Section III

GOLD rose $2.50 an ounce on the London bullion market to close at $314.25. It lost ground in Zurich to $313.15. In New York the Comex June settlement was $316.30. Page 40

U.S. MONEY SUPPLY: M1 rose by $2.7bn to a seasonally adjusted $576.2bn in the week ended April 22 1985.

GENERAL DYNAMICS, U.S. defence contractor, lifted net profits in the first quarter by $15.2m to $92.7m on sales up to $2.01bn from $1.86bn.

SELENIA, the Italian state-owned maker of radar, missiles and other electronic equipment, reported a 37 per cent rise in 1984 net profit to L20.6bn ($9.9m). Page 21

PLANS BY Edgar and Charles Bronfman to cement family voting control of the Seagram Company, the world's largest distiller and owner of nearly 25 per cent of Du Pont, are running into some resistance in Canada. Page 19

VW, West Germany's biggest motor vehicle manufacturer, boosted profits in the first three months to DM 140m ($44.87m) compared with DM 51m a year earlier. Sales were up 14 per cent DM 13.4bn. Page 19

KHD, the Cologne-based diesel engine, industrial plant and tractor manufacturer, plans to lift its payout by 12.5 per cent to DM 9 ($2.88) for 1984. Page 21

HOECHST, the West German chemical and pharmaceutical group, lifted pre-tax profits 29.2 per cent in the first quarter to DM 840m ($269m). Sales climbed 8.7 per cent to DM 11.04bn. Page 21

SECURITY PACIFIC, the big West Coast banking group, is negotiating to buy most of Commercial Credit, the billion-dollar financial services arm of computer group Control Data. Page 19

CHEVRON, the third biggest U.S. oil group, is to be paid $350m by Southern California Edison, an electrical utility, which broke a 10 year oil supply contract. Page 19

VALLOUREC, the leading French steel tubes manufacturer, announced that it cut losses by more than half last year to FFr 180.8m ($18.93m). Page 19

The Financial Times will not be published on Monday because of a British public holiday. The Saturday edition will be published as usual from London.

Paris resists U.S. pressure to set trade talks date

BY RUPERT CORNWELL, REGINALD DALE AND MAX WILKINSON IN BONN

PRESIDENT Ronald Reagan last night secured agreement from a majority of his partners at the world economic summit in Bonn to set a date early next year for a new round of trade talks, but an increasingly isolated France was still refusing to fall into line.

M François Mitterrand, the French President, told Mr Reagan that the summit was not the place to fix a date for new trade talks.

While accepting that a new round of trade negotiations might take place "one day" M Mitterrand repeated his demand that developing countries should be guaranteed a full part in them and that the agenda must be clear before the talks start.

He questioned the authority of the summit of the seven – the U.S., Japan, West Germany, Britain, France, Canada and Italy – to take decisions on behalf of the world's trading nations.

Mr Reagan urgently needs agreement from all seven summit powers on "real progress" towards a new round of talks under the General Agreement on Tariffs and Trade, to counter rising demands for protectionist measures from the U.S. Congress.

West German leaders paid glowing tribute to President Ronald Reagan for his "courage" in going ahead with his planned visit to the Bitburg war cemetery on Sunday despite the political uproar it had created in the U.S. Page 3

While France still appeared to be linking the trade talks with its demand for more vigorous progress on world monetary reform, the U.S. won unambiguous support for its line from Britain, West Germany, Canada and Japan.

As the summit got under way last night, these countries said that the talks should begin early in 1986.

The urgency of finding a date has been increased by discreet warnings from Japan that it would be forced to retaliate against any move by the U.S. congress to raise barriers against its exports to the U.S. There are now genuine fears that this could provoke a major trade war.

However, Mr Yasuhiro Nakasone, the Japanese prime minister, yesterday pledged his renewed support for the U.S. president's efforts to get trade talks going as soon as possible. A meeting between the leaders of the two most powerful industrial nations was described as extremely friendly.

U.S. officials were at pains to emphasise the progress which had been made in opening Japanese telecommunications equipment markets, and the "courageous" position which Mr Nakasone had taken on trade issues.

Although the U.S. is strongly maintaining that trade talks should be entirely independent of separate discussions on ways to strengthen the international monetary system and is sceptical about the scope for genuine monetary reform, there were hints last night of a possible compromise.

Mr George Shultz, the U.S. Secretary of State, said after a meeting between President Reagan and M Mitterrand, that while the issue remained "unresolved" there had been some developments that could "give us a handle on it."

But Mr Shultz said there had been no suggestion of a quid pro quo under which the U.S. would trade agreement on monetary reform against French concessions on the trade talks.

Reagan praised, Page 3

£60m loss for Minet syndicates at Lloyd's

BY JOHN MOORE, CITY CORRESPONDENT, IN LONDON

MEMBERS of Lloyd's, the London insurance market, whose underwriting activities are managed by interests of Minet Holdings face losses of £60m ($72.6m).

Minet's Richard Beckett underwriting agency yesterday wrote to the 1,500 or so underwriting members whose affairs it looks after. Among those contacted were Viscount Portman, former Conservative Member of Parliament, Mr Charles Longbottom, Mr Adnan Khashoggi, the Middle East businessman, the Duchess of Kent and the chairman of Lloyd's himself, Mr Peter Miller, who has invested in the Beckett insurance syndicates. The agency has called a meeting of underwriting members for May 13.

The problems centre on syndicates 918, 940 and 157, which have suffered heavy losses from liability insurance claims on asbestosis and other latent disease risks.

Minet plans to take the unusual step of stopping the Richard Beckett agency operations at the end of the year, when the management of the underwriting members' affairs is intended to pass to other professionals in the market.

The prospect of heavy losses has prompted Lloyd's to extend the deadline by which underwriting members in the Minet syndicates are due to show that they have enough money to meet their liabilities. The date set for the solvency test is May 31 but for the troubled Minet underwriting members it has been extended to July 31 this year.

Already angry underwriting members are mustering to take further action over the unexpected losses. A steering committee, whose honorary chairman is Lord Goodman, a leading UK lawyer, has been formed and accountants Price Waterhouse have been appointed to examine the agency's records.

Last year the underwriting members were told by Minet that £40m had been diverted by former underwriting executives without the members' knowledge. In addition they were told that £40m of trading losses had fallen on the syndicates. Minet arranged a compensation payment of £40m to cover the funds that had gone missing and the members used that to pay their insurance claims.

Mr Raymond Pettit, chairman of Minet Holdings, announcing the group's results yesterday, said that firm legal advice had been received that Minet "has no liability" for the events that took place at the Richard Beckett agency nor the underwriting losses. He said the group "will vigorously defend any suit" brought. The board of Minet has set aside £8.3m to deal with possible legal costs that might be incurred in action between the members and the agency.

Mr Keith Whitten, a member of the steering committee, said last night that litigation might take place over the losses in the next two weeks.

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InterNorth agrees to buy Houston Gas

BY WILLIAM HALL IN NEW YORK

INTERNORTH, the big U.S. natural gas pipeline group, and its smaller rival Houston Natural Gas have agreed to merge in a deal worth around $2.3bn. This follows widespread speculation on Wall Street a bid was imminent.

Under the terms agreed by both boards yesterday InterNorth is to tender $70 cash for each HNG share for a minimum of over 50 per cent of HNG's stock.

Houston Natural Gas, which fought off an unwelcome $68-a-share bid from Coastal Corporation last year, has been growing rapidly under its new chief executive, Mr Kenneth Lay. However, on Wall Street speculation has been rife in recent days that InterNorth, which itself has been subject to takeover rumours, was ready to make a bid.

Houston Natural Gas shares jumped $11¼ to $58¾ in heavy trading on Wednesday. Its shares were suspended yesterday as were those of InterNorth.

Earlier this week, InterNorth put together a $2.5bn credit line for "general corporate purpose." There has been considerable takeover activity and speculation in the U.S. natural gas pipeline industry recently.

The fall in natural gas prices and the deregulation of the industry has led to a big restructuring of the industry into fewer and larger pipeline companies. Analysts say that the industry is suffering from pressures similar to those that led to the merger wave in the U.S. oil industry as competition increases in a formerly highly regulated industry.

InterNorth is roughly three times as large as Houston Natural Gas. In the first three months of 1985 it earned $113.9m

WEEKEND FT

THE Financial Times tomorrow launches a new-look Saturday edition. The two-section paper will contain the present mix of news, personal finance and leisure topics, with the regular news, feature and statistical content of the daily newspaper followed by a separate section called The Weekend FT. This will contain:

- an expanded section of articles covering a wide range of issues to do with personal finance. These pages will feature articles about savings, investment, pensions, insurance, home loans, consumer credit, unit trusts and taxation, together with a two-page summary of the week's developments in UK and foreign markets. There will be regular columns for women, expatriates and those in retirement.
- an expansion of the present leisure and arts pages, ranging from the "How to Spend it" column to the Books Page. This section will regularly feature articles about travel, property, motoring, collecting, the sale room, the countryside, food and wine, sport and the arts.

Nigeria in $500m oil swap deal with France

By David Marsh in Paris

FRANCE and Nigeria have agreed the outlines of a $500m counter-trade deal involving swapping oil for French capital equipment and raw materials destined particularly for the Nigerian vehicle industry.

The agreement, reached between the Nigerian Government and Scoa, the Paris-based international trading company, represents a further effort by the financially strained oil state to step up compensation trade to speed up inflows of much needed capital goods.

It follows other Nigerian oil barter agreements recently concluded with Brazil, including a $1bn deal involving oil, spare parts and manufactured goods, and the Volkswagen car group, as well as a series of other similar deals with Middle East oil states.

Details of the Franco-Nigerian deal have not been concluded, but it will centre on supplies of vehicles in kit form for the Peugeot car assembly factory at Kaduna and the plant run by Scoa at Apapa, which assembles light commercial vehicles.

Shortages of imported equipment at the Kaduna plant have periodically held up production during the last two years of Nigeria's foreign exchange difficulties.

Other materials to be involved in the counter-trade include refined sugar from French companies as well as possibly other commodities like vegetable oils, according to company officials.

Elf Aquitaine, the French state-controlled oil group, will take an as yet unspecified quantity of crude oil from the Nigerian National Petroleum Corporation in exchange for the French products.

Reports in Paris say Elf might take about 50,000 barrels of Nigerian oil a day. Elf yesterday refused to comment on the quantities involved, saying that it had not yet signed any commitment.

Nigeria has stepped up its sales of oil to France in the last few years, helping to lower French dependence on Middle East supplies. Lagos is now France's second biggest oil supplier after Britain.

Company officials in Paris say details of the deal should be finalised by the end of this month, and that other barter accords with France may be worked out in the future.

One possibility is that a similar deal could be worked out to cover exports of equipment from the oil refinery being built at Port Harcourt, a project that involves French construction company Spie Batignolles as well as Japanese groups.

London to sell final 48.8% Britoil stake

BY PETER RIDDELL IN LONDON

THE UK Government intends to offer for sale later this year its remaining 48.8 per cent shareholding in Britoil, the oil production and development company that was initially privatised in November, 1982.

Mr Nigel Lawson, Chancellor of the Exchequer, announced the sale last night. "It is the Government's policy to sell its minority holdings in privatised companies as and when circumstances permit."

He said the sale of the Britoil holding would be part of this policy and would cover all the shares apart from those needed to pay out the small shareholder bonus.

The announcement follows the fixing of the terms on Wednesday of the sale of the Government's remaining shareholding in British Aerospace, which will raise £363m ($443m). In addition, the Government is already assured of further receipts from the sale of half its shareholding in British Telecom in a partly paid form last November.

The clear intention is to maximise proceeds from the disposal of assets in order to contain public-sector borrowing in face of upward pressures from higher public spending.

The Treasury also announced that any merchant bank interested in being considered for appointment as financial adviser for the sale should apply by next Wednesday "enclosing details of its organisation's experience relevant to the appointment, the proposed team and fees and charges."

The Government holds a special share in the company, as with other companies that have been privatised, to prevent unwelcome takeovers and to ensure that control remains in the UK.

Britoil was privatised in November 1982 in an underwritten offer-for-sale that raised about £630m for the Government after taking into

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British Gas to be sold

The UK Cabinet agreed to sell the British Gas Corporation to the private sector as a single entity. The sale is likely to be spread in tranches over a period of years. The Cabinet accepted the view of Mr Peter Walker, Energy Secretary, that the core production and distribution activities of British Gas should not be broken up and sold piecemeal.

Fraud settlement to cost Hutton $11m

BY TERRY DODSWORTH IN NEW YORK

THE BROKING subsidiary of E. F. Hutton, the fifth largest U.S. securities firm, pleaded guilty yesterday to charges of mail and wire fraud, agreeing to pay a $2m criminal fine and $750,000 in costs for the Government's investigation of its activities.

The company has also made a $8m provision to commercial banks that may have been injured as a result of the fraud. Hutton said yesterday that those payments and provisions had already been reflected in the group's accounts and would have no effect on future earnings.

The announcement of the broking company's guilty plea was made yesterday shortly after the group's shares were suspended at $32½. That followed a long grand jury investigation into the handling of the broker subsidiary's cheque accounts from July 1980 to February 1982.

Hutton said yesterday that the charges arose out of the misuse of the "float" that arises in the banking system in the interval between the time a cheque is deposited in a bank and the time that the depository bank collects funds from the bank on which the cheque is drawn.

The broking company was charged with excessive drawdowns on these funds, "by intentionally and persistently" writing large cheques against deposits before the cheques creating those deposits had been cleared. The effect of that was to create interest-free loans from the banks to the company.

In addition, Hutton benefited improperly from multiple transfers – transferring funds successively through several banks on their way to the company's central accounts, and thus taking advantage of potential increases in the float arising from random delays in the cheque-clearing system.

Hutton, one of the biggest retail

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CONTENTS

Rome investment pledge

BY JAMES BUXTON IN ROME

THE ITALIAN Government does not intend to introduce any measure that would restrict or regulate the flow of foreign investment into Italy, Sig Renato Altissimo, the Minister of Industry, has said.

For the past few months there have been suggestions that the ministry wanted to take steps to ensure that it was informed of impending takeovers, and was considering ways of blocking undesirable takeovers.

Last year there was a record number of acquisitions of stakes in Italian companies by foreign concerns, bringing into Italy an estimated L1,500bn ($7.48bn).

The inflow provoked unease among some politicians, and the Ministry of Industry was embarrassed last April at learning of advanced takeover talks between Electrolux of Sweden and the white goods maker Zanussi from a newspaper report. The resulting takeover dismayed some politicians.

Sig Altissimo, a member of the Liberal Party which is traditionally sympathetic to business, asked his staff to examine possible ways of obtaining advance information and of weeding out takeovers that were not in the national interest – such as a hostile power buying into a sensitive high-technology company. But he made clear that he had no intention of taking any action.

Asked what he intended to do about multinationals wanting to invest in Italy he replied: "nothing – *we want them to come.*"

The Italian Government faces the problem that any procedure designed to correct certain defects in the present situation could provoke parliament to introduce restrictions that would actively discourage foreign investment.

Reagan praised for 'courage' over Bitburg

BY REGINALD DALE, U.S. EDITOR, IN BONN

WEST GERMAN leaders yesterday paid glowing tribute to President Ronald Reagan for his "courage" in going ahead with *his planned* visit to the Bitburg war cemetery on Sunday despite the political uproar it had created in the U.S.

In talks with Mr Reagan at the beginning of the Bonn economic Summit, Chancellor Helmut Kohl said that all of West Germany knew what Mr Reagan had endured in recent weeks and that his decision to proceed with the visit had sent "a very powerful signal" to the German *people.*

President Richard von Weizsacker told Mr Reagan that as a result of the furore, his visit to West Germany would have a longer and deeper meaning for relations between the two countries.

The visit would send a message to West Germany's young people, who were now debating the merits of Mr Reagan's "Star Wars" space defence program, just as they had earlier debated the deployment of American cruise and Pershing II missiles, he said.

West *German officials* said that Mr Reagan would be joined on his Bitburg visit by representatives of the German internal resistance to Hitler, including the son of Count Schenk von Stauffenberg, the leader of an unsuccessful plot against Hitler in July 1944. The White House has been actively searching for prominent anti-Nazis to accompany Mr Reagan to offset the presence of 49 graves of Waffen SS *soldiers in the cemetery.*

BONN 1985

The continuing sensitivity of the Administration was evident, however, when a senior official walked out fo a briefing after American reporters made light of the issues raised by the Bitburg visit. After one reporter joked about the American Press's role in the affair, Mr Richard Burt, Assistant Secretary for European Affairs, interrupted an acount of Herr Kohl's remarks to Mr Reagan and suddenly left the room.

Mr Burt's action attracted particular attention as he is expected soon to be nominated as *the next U.S. ambassador* to West Germany, to replace the departing Mr Arthur Burns.

The undercurrent of bad feeling in the White House Press room continued when Mr George Shultz, the Secretary of State, abruptly terminated a later briefing, although without walking out, when another reporter appeared to insult *him* by suggesting that his answer to a question on the subject was "on the wrong track."

Mr Reagan has accused the American Press of responsibility for the outcry over Bitburg from American Jewish leaders and war veterans.

Alicante governor fears more Eta bombs

By Our Madrid Correspondent

THE SPANISH Government's chief representative in the Alicante region warned yesterday that there could be more bombs in beach areas following two minor *explosions near holiday* hotels on Wednesday night.

The bombs at El Saler south of Valencia and on Benidorm's Levante beach, which may have been placed weeks in advance, were small and caused no damage or injury—except, possibly seriously, to the local tourism business.

Sr Octavio Cabezas, civil governor of Alicante province, said the bombs, the first manifestation of a threatened campaign by Eta, the Basque terrorist group, were apparently intended "not to cause personal injury but to perturb tourists."

As the Interior Minstry in Madrid made bomb-squad reinforcements available to send to the area, Sr Cabezas appealed to holidaymakers not to change their plans. "I believe there is no danger to their lives or enjoyment of their holidays," he said, describing the explosions as "a dirty campaign designed to hit tourism as one of the most important sectors of the Spanish economy."

Police have started combing beach areas. The bombs that went off were similar to two unexploded devices *found* during Easter week in the same region, which was the scene of bombings in a similar Eta campaign five years ago.

Hoteliers and tourist authorities *on* the Spanish Mediterranean are worried about a "bomb psychosis" developing and the risk that hoaxers will cause as much damage as Eta itself.

Arthur Sandles adds: Tour operators who had flights to southern Spain yesterday all reported a "Carry on Holidaymaking" mood among British tourists. There is now, however, a cautious view about the *prospects* for bookings over the next week or so.

Agency reports suggested that Thomson Holidays was being the most co-operative in offering a free holiday change to customers who wanted it. Some other major operators were sticking to their normal penalty charges for such changes "as long as the British Government is not telling people it is dangerous to travel."

The Foreign Office, for the moment, is saying it is not issuing any such warning.

David White reports as Madrid prepares for U.S. President's visit

Nato argument hots up in Spain

PROTESTS by Spanish left-wingers have already begun, several days ahead of President Ronald Reagan's arrival here on Monday, on the second stage of his European tour.

An industrial Madrid suburb, whose town council is dominated by the ruling Socialist party, on Tuesday declared Mr Reagan persona non grata. At Saragossa, where the U.S. has an air base, an effigy of the U.S. *President* was dumped into the river Ebro. There was an explosion the same day at a Coca-Cola *warehouse* in northern Spain, and another on Thursday at a U.S. electrical company in the Basque country.

Communist trade union leaders turned the May Day celebrations into an anti-Reagan occasion and the stars-and-stripes flags that had been put up a week in advance in Madrid were prudently removed until nearer the event.

On Sunday, what promises to be the biggest anti-American demonstration ever mounted in Spain is due to be held, followed by *other protests* against the man whom Sr Santiago Carrillo, the old Communist warhouse, has labelled "the brown beast."

The protests have added to the concern of Sr Felipe Gonzalez, the Prime Minister, about what already promised to be a very delicate visit. Sr Gonzalez is worried that the trip, which many will interpret as a bid to put pressure on the Spaniards to *remain in Nato,* could backfire by rallying the anti-Nato camp.

The U.S. bases agreement, which Sr Gonzalez *says he wants to begin renegotiating before* going ahead with a referendum on Nato membership promised for next year, has become the main talking point ahead of the visit. Some observers believe the Government has deliberately provoked controversy by insisting on early renegotiation as a smokescreen to draw attention from the wider Nato issue.

Spain wants a "progressive reduction" in the 12,000-odd U.S. servicemen stationed in the country, and in the bases themselves. Under the bilateral *defence and co-operation* agreement which has been periodically modified over the past 30 years, either side can call for revision of the accord

The cuts were first mooted six months ago in a carefully balanced defence policy statement by Sr Gonzalez, in which he made public his position—now endorsed, somewhat reluctantly, by the party—in favour of staying in Nato.

The policy presents a nasty dilemma for the U.S. Washington wants Spain in Nato, and preferably in Nato's integrated military structure, which Sr Gonzalez is not at the moment *willing to join. But it has* learnt that *overt* pressure on Madrid can be counter-productive.

Meanwhile, the tactic adopted by Sr Gonzalez for selling the idea of Nato to the country is pegged to partial dismantlement of the U.S. bases, where Washington believes Spain's strategic importance chiefly resides.

The U.S. has facilities at *four major* Spanish bases. Rota, near *Cadiz, serves as support* base for the U.S. 6th fleet in the Mediterranean and there is a *standby* air base at Moron in the same region. The U.S. Air Force has two key bases in Spain: a tactical fighter training unit at Saragossa, in a thinly populated region where pilots can practise low-level runs, and a *military arcraft* command and tactical fighter unit, equipped with F-16 fighter *aircraft* at *Torrejon, outside* Madrid.

Torrejon is regarded as the most important base of its kind in the south-west of the continent, with a 2½ mile runway, longer than any other the U.S. has in Western Europe, which U.S. officials say would be difficult and expensive to replace.

Its proximity to the capital gives this base maximum irritation value: both the noise and the land it occupies are resented by locals, not only left-wingers, and its position makes it an ideal focus for anti-American protests. The restaurant bomb which killed 18 people outside Madrid three weeks ago was *aimed at U.S. servicemen* from Torrejon.

The U.S. presence, and to a *large extent Spain's membership* since 1982 of Nato, are seen by Spaniards more as a burden imposed by Washington than as a prop to their own defence interests. Having stayed on the sidelines in both world wars, and not feeling particularly threatened by the Soviet Union, Spain has less appreciation than other countries of the *U.S.* military role—and not enough to offset anti-American prejudices.

Protest posters in Madrid this week show a reptilian Mr Reagan, with the slogan: "Neither in Central America nor here do we want visitors." The Spanish Left also resents the help given by the U.S. to General Franco after the 1953 defence agreement which let the dictatorship out of international quarantine.

Misunderstandings have proliferated in recent weeks. *Washington's* request *for* a *Spanish* commitment on controlling sales of "sensitive" U.S. technology to the East bloc became a major political issue, still not fully resolved.

Then came a ludicrous incident in which two U.S. diplomats were caught photographing the Prime Minister's offices. Even the organisation of the Reagan visit did not pass without friction: the Spanish were *furious* when they were not consulted over a change in dates.

But for all this, the Madrid Government is actually conscious of the importance of American ties. U.S. investment plays a major role in Spain and in its industrial ambitions in the EEC. Ford, IBM and General Motors were Spain's top manufacturing exporters last year, and the U.S. is Spain's third-biggest customer, and largest non-oil supplier.

The bases agreement and Nato membership also provide a key opportunity for Spain's growing defence industries, *through technical co-operation* and access to U.S. markets, advantages which would be lost if Spain ever quit Nato.

Teach-in not lay-off at Seat

By Kenneth Gooding, Motor Industry Correspondent, in Barcelona

SEAT, the state-owned Spanish motor group will shut three of its four factories *for two days* this month so that employees can attend a series of lectures instead of producing cars and components.

They will be given details of Seat's strategy, now that it has changed direction and is tackling West European markets, with its own products *and dealer network.*

The company's 30-year association with Fiat ended acrimoniously in 1980 and it now has a technological link with Volkswagen *of* West Germany and is developing its own vehicles.

Negotiations for VW to take a controlling shareholding are continuing, but are unlikely to be resolved in time for an announcement *at* the employee meetings on May 13 and 14. The Spanish Government has set a June deadline for the talks to be completed.

Seat decided to give its employees an intensive programme of lectures, including some about quality control, instead of simply laying them off at this time of year. Like most other Spanish car manufacturers it has excess capacity caused by relatively poor domestic demand.

The group expects to produce 370,000 cars this year, *against capacity of 400,000.* However, Seat executives insist that stocks are at a normal level.

Study warns of discord in Nato over Star Wars

BY OUR FOREIGN STAFF

PRESIDENT Ronald Reagan's Strategic Defence Initiative (SDI), the so-called Star Wars project, *has begun a controversy* which will run for many years, according to the International Institute for Strategic Studies. It warns in its 1985 report, Strategic Survey, that the issue could provoke tensions between the U.S. and its European allies.

"The strong feelings that appear to be developing on both sides of the Atlantic," it says, "suggest that 1984's comparative calm in intra-Alliance relations may not survive 1985."

The report expresses serious reservations about the SDI. "Even if *strategic defences* were to prove feasible, they could damage stability rather than strengthen it. When deployed, some elements of the defences have to be programmed to react within a very few minutes, thus decreasing time for human judgment to influence the firing process. Defences against ballistic missiles may encourage the further development of other means of strategic attack, particularly cruise missiles and aircraft, which will raise problems for any new arms control regime."

In principle, the research and technology phase of the SDI programme is scheduled to last until 1992; if so, decisions on whether to hold tests which would violate the 1972 Anti-Ballistic Missile Treaty would not be taken until long after President Reagan *has left* office. The Survey warns, however, that the U.S. could be faced with decisions on testing as early as 1987 (i.e. during Mr Reagan's current term).

The President's strong commitment to the SDI and the option of deploying strategic defences will complicate the nuclear arms control negotiations in Geneva, says the report. "It is difficult to imagine a *successful* outcome at Geneva that does not include reaffirmation or clarification of the limits embodied in the existing ABM and Outer Space Treaties."

But it points out that, if the SDI is pressed ahead to the testing phase, the U.S. would have to decide between abrogation of the ABM Treaty, which "could well have extremely destablilising repercussions," or codification of it, which the Soviet Union might well refuse. "The implications of such a choice are fraught with troubles for relations between the U.S. and Nato," it says.

Opec output below limit, says Saudi

By Dominic Lawson

OIL PRODUCTION by the Organisation of Petroleum Exporting Countries in both March and April was at least ½m barrels a day below the 16m b/d official ceiling, according to Sheikh Ahmed Zaki Yamani, the Saudi Oil Minister.

Speaking after a two-day meeting in Geneva of Opec's ministerial executive council, he said that "Saudi production in April was below 3.2m b/d. This is audited," he added. Under the Opec quota system Saudi Arabia is allotted about 4.3m b/d.

His figures do not tally with other ministers' estimates. Sr Arturo Fernández Grisanti, Venezuela's Oil Minister, put March production at 16-16.5m b/d.

Sheikh Yamani conceded that the oil market "will continue to be soft for the next two moths." He added: "We do not expect a higher consumption in the coming months and we do not expect companies to replenish their inventories."

Prof Tam David-West, the Nigerian Oil Minister, confirmed that his country would now admit the international *firm of accountants that Opec* commissioned in December to give it a firmer grip on its production and price controls policy.

Nigeria has been the only Opec country holding out against the investigation and the only one greatly exceeding *its quota.*

Sheikh Yamani said the accountants, Klynveld Kraayenhof, would be able this month to *give fully audited* expert figures.

SOCIALIST EX-MINISTER REVEALS SOCIAL DEMOCRAT AIMS

Rocard stakes out his ground

BY DAVID HOUSEGO IN PARIS

M MICHEL ROCARD, the most *popular of France's Socialist* leaders, yesterday broke his self-imposed silence to reveal his ambitions to transform the Socialist party into a modern social democrat movement and to stand as a candidate for the presidency.

He did not put it quite as bluntly as that. But in *his first* broadcast since his unexpected resignation as Minister of Agriculture last month over the issue of proportional representation, he left no *doubts* about his strategy.

Between now and the party congress in Toulouse in October, his goal is to achieve a transformation of the French Socialist Party similar to that of the West German Socialists when they renounced their Marxist past at Bad Godesberg in 1959. M Rocard described it last night as getting the party to "adapt its language to the realities."

If the Socialist party declines to listen to him—and there are a great many knives out for him—he has left the door open to a bid for the presidency in 1988 or before. Against a candidature on the Right of M Raymond Barre, the former Prime Minister, for instance, he has nearly as much hope as any of his rivals of rallying the largest number of votes on the Left.

M Rocard, *who is 54,* is a comparable phenomenon on the French Left to M Barre on the Right. His popularity stems, like M Barre's, from preaching unpopular truths and from his intelligence. With his schoolboy face, his wide and generous smile, he has a warmth and compassion that the other lacks.

His weakness is that, unlike M Barre, he has the image of a loser. He lost against M François Mitterrand in the battle for the Socialist nomination for President before the last elections and has been outfoxed by him ever since. Public opinion has had a higher regard for him than his Socialist colleagues.

Since M Laurent Fabius was made Prime Minister in July, M Rocard has had the *choice of* accepting that his career would be stifled or of launching out on his own. Many of his friends believe he should have resigned much sooner.

He is now establishing a shadow cabinet with a personal staff to monitor the main *sectors of policy. He declared* last night that his loyalties lay with the Socialist party and hoped that the party would be "Rocardised." But he also announced that he would be establishing "a centre of reflection"—normally a sign in the French system of a politician staking out his own ground.

M Rocard argued last night that the Socialists had been right to change tack in 1982-83 from mistaken policies of consumer-led reflation, but he claimed that it had not been understood in the country because of the Marxist type of language in which the Socialist message is still often expressed. He will not, however, have an easy time in putting across in *public the distinction* between his own views and M Fabius's increasingly liberal approach.

The confusion in the public mind is likely to be the greater in that M Rocard is now closer to the left of the Socialist party in believing that improvements in France's inflation and trade performance provide room for a selective stimulus to the economy.

For President Miterrand, the resurfacing of the Rocard challenge is both unexpected and unwelcome—especially after the departure of the Communists from the government. It could damage the image of unity the Socialists want to present at their congress in October, the last before the parliamentary elections in March. It is bound to be exploited by the opposition which has suffered from divisions in its own camp.

The most difficult decision for the party leadership will be what place to give M Rocard's followers in the Socialist list of candidates for the elections. The temptation after his "defection" will be to squeeze them out. The danger of such a move would be that M Rocard would then establish his own list of candidates in defiance of the party. On the basis of his broadcast last night that is a step that he would like to avoid.

Rocard . . . loser image

David Marsh examines the controversy behind a FFr 2bn addition to the Louvre

Stones start to fly at Mitterrand's glass pyramid

"IT'S A question of taste," said the custodian yesterday as he *guided in Parisians to their* first preview of what has become France's biggest architectural controversy—a pyramid slap in the middle of the Louvre.

The transparent pyramid will be 20 metres high and 32 metres wide (65 ft by 104 ft), fashioned out of glass and special steel. It has been commissioned as the centrepiece of a plan to modernise the Louvre and make its sprawling collections more accessible.

The project has the personal backing by President François Mitterrand *and is scheduled to* be completed by 1988 at a cost of FFr 2bn (£170m). It is one of a series of architectural works with which the President aims to leave his imprint on the French capital.

A fullscale mock up of the pyramid, outlined with the aid of white cables hoisted from a tower crane, is on show in the Louvre's Cour Napoleon. It is designed to defuse a storm of criticism from conservationists and right-wing politicians and newspapers who claim the structure will be out of keeping with the Louvre's setting and history.

Opponents of the pyramid, designed by the Chinese-American architect Ieoh Ming Pei, say its cost is inappropriate at a time of economic austerity.

The Louvre authorities, on the other hand, say the pyramid *will provide a focus to a* spacious network of subterranean halls and passageways to be dug out of the courtyard.

These will provide a new entrance for the museum, more services for visitors and a series of escalators linking up the three wings of the Louvre Palace.

The project is tied to the move by the Finance Ministry in 1987 from its present Louvre headquarters to a new office complex, which should ease the museum's chronic shortage of space.

M Mitterrand, who was asked on a television chat programme last Sunday whether he did not think the pyramid should be put somewhere else, has shown himself to be stung by the criticism. Some Opposition politicians have compared his passion for grandiose architecture with that of Louis XIV.

M Mitterrand told his television audience the pyramid would allow visitors to see better the Louvre's architecture and would save on the shoe leather of Louvre-goers. He described opposition to bringing in modern art elements into the Louvre as "absolutely ridiculous."

Portugal authorises three foreign banks to set up branches

BY DIANA SMITH IN LISBON

THE PORTUGUESE Government has authorised Barclays Bank International, Banque Nationale de Paris and Citibank to open four branches in Portugal.

At the same time the Banco Commercial Português, the first private Portuguese commercial bank to emerge since the financial system was nationalised in 1975, has been given a licence. This bank was formed by a large group of entrepreneurs based in Oporto, centre of Portugal's private industry.

After banking legislation was liberalised by the Government in February 1984 another Portuguese institution SPI (Sociedade Portuguêsa de Investimentos) was allowed to convert to the country's first private investment bank, Banco Portuguêsa de Investimentos. Several major foreign banks hold minority shares in this enterprise.

Barclays, Banque Nationale de Paris (BNP) and Citibank will follow Chase Manhattan and Manufacturers Hanover Trust, both U.S. banks, which received their *licences* last summer. All the banks had applied at about the same time.

The authorities decided that until EEC negotiations were successfully completed no European banks would be authorised and Citibank had to wait until now because the Government did not want to be seen licencing three American banks in one batch.

Other European banks, Société Générale de Banque (Belgium), Banque Paribas and Banque Indo Suez also applied last year. It is unlikely that any further licences will be granted to foreign or Portuguese banks in the near future.

The seven new establishments will provide a powerful challenge to Portugal's commerical banks. Already, the rapid growth of Manufacturers Hanover Trust and Chase Manhattan operations, have startled the authorities and forced them to study new methods of gearing to cope with the rush of demand for the services of banks whose competitiveness and technology is stronger than the nationalised banks.

The new arrivals have prompted Portuguese banks to offer new types of accounts

EEC farm ministers in fresh bid to reach deal

BY IVO DAWNAY IN BRUSSELS

EEC FARM ministers wearily returned to the negotiating table in Luxembourg yesterday for their fourth attempt to reach a deal on farm prices for 1985–86. All the evidence suggests they will be no more successful than before.

Since talks broke down last week over the crucial issue of cereals price cuts, there has been no perceptible movement from any of the principal combatants. Sig Filippo Pandolfi, the Italian minister responsible for chairing the meeting, has conducted yet another round of bilateral discussions.

But Herr Ignaz Kiechle, the West German Farm Minister, has insisted once again that he would oppose, and possibly veto, any attempt to force through the Commission's 3.6 per cent price cut proposed for grains.

Furthermore, the Commission's position is expected to harden. A Compromise paper put last week offered almost all member states concessions in return for an elaborate reworking of the cereals rules, which held out a small hope for the Germans that the price cut would be reduced.

Although this was officially on Italian presidency paper, it was well known to have been drawn up in close co-operation with the Commission. Consequently, there has been considerable unrest in Brussels that Mr Frans Andriessen, the Farm Commissioner, may have offered too much in his bid to achieve breakthrough.

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RMP RAND MINES PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

INTERIM REPORT AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 31st MARCH 1985

Income Statement

The unaudited group results of *Rand Mines* Properties Limited ("RMP") and its subsidiaries for the six months ended 31st March 1985 are:

	Half year ended 31st March 1985 R000	Half year ended 31st March 1984 R000	Change %	Year ended 30th Sept. 1984 R000
Turnover (Note 1)	34 812	51 863	−33	103 856
Group operating profit before taxation	12 964	15 128	−14	31 959
Interest paid	163	1 191	−86	1 334
Group profit before taxation	12 801	13 937	−8	30 625
Taxation	3 235	4 962	−35	9 398
Group profit after taxation	9 566	8 975	+7	21 227
Attributable to:				
—Outside shareholders in subsidiaries	—	55		86
—Members of RMP	9 566	8 920	+7	21 141
Shares in issue (000s)	12 403	12 403		12 403
Earnings per share (cents)	77	72		170
Dividends per share (cents) (Note 5)	17	—		65
Not included in earnings attributable to members of RMP: Surplus on disposal of Thesen & Co. (Pty) Limited (Note 1)	9 631	—		—

Balance sheet

The unaudited consolidated balance sheet at 31st March 1985 and the audited balance sheet at 30th September 1984 are given below:

	31st March 1985 R000	30th Sept. 1984 R000
Source of Capital		
Share capital and reserves	108 967	91 879
Interest of outside shareholders in subsidiaries	—	917
Total shareholders' funds	108 967	92 796
Long-term liabilities	547	594
Deferred taxation	1 710	8 569
	111 224	101 959
Employment of Capital		
Fixed assets (Note 1)	72 538	92 822
Property development and townships	13 446	13 647
Current assets	43 501	31 132
Stocks and stores	2 253	8 807
Debtors	10 373	15 615
Cash and gold on consignment	30 875	6 710
Total assets	129 485	137 601
Current liabilities	18 261	35 642
Interest bearing	51	4 069
Other	18 210	31 573
	111 224	101 959
Significant Ratios		
Current assets to current liabilities	2.38	0.87
Total liabilities to total shareholders' funds	0.17	0.39

Notes:

1. **Sale of Thesen & Co. (Proprietary) Limited**

The company disposed of its wholly-owned subsidiary, Thesen & Co. (Proprietary) Limited on 1st October 1984 for a net consideration of R27.2 million in order to finance, in part, the construction of a new gold plant at City Deep. The surplus on disposal, amounting to R9.6 million, has been transferred to non-distributable reserves. The reduction in turnover for the half year and in fixed assets are due to this disposal.

2. **Review of Profits**

Sand treatment	Half year ended 31st March 1985	Half year ended 30th Sept 1984	Year ended 30th Sept 1984
Operating results			
Sand and slime treated (000 tons)	2 627	2 724	5 113
Gold produced (kg)	1 334	1 388	2 678
Yield (grams per ton)	0.51	0.51	0.52
Revenue (rands per ton treated)	9.30	8.48	8.30
Cost (rands per ton treated)	6.06	5.58	5.53
Working profit (rands per ton treated)	3.24	2.90	2.77
Gold price received (rands per kilogram)	17 959	16 421	15 608
	R000	R000	R000
Revenue	24 443	23 113	42 462
Costs	15 925	15 209	28 278
Working profit	8 518	7 904	14 184
Amortisation	2 477	2 522	4 718
Capital expenditure	1 658	1 046	1 873

Property

Gross revenue from township land sales for the six months to 31 March 1985 totalled R7.9 million.

Profits to 31 March 1985 do not include those arising from a major sale of industrial land in the proposed township of Aeroton Extension 5. The profit before tax on this sale, amounting to approximately R7 million, will be included in the results for the second half of the financial year provided proclamation of the township is achieved during the current financial year.

3. **Prospects for the year**

It is estimated that the group profit after taxation for the year will be of the order of R20 million, which is equal to 161 cents per share. This estimate assumes gross revenue from township land sales of R20 million, which includes the transaction referred to in Note 2 above, and an average gold price of R19 500 per kilogram for the remainder of the year.

4. **Capital commitments**

	31st March 1985 R000	30th Sept 1984 R000
Contracts for capital expenditure	162	649
Capital expenditure authorised, but not yet committed	45 847	43 416
	46 009	44 065

5. **Dividend**

As a result of the more regular profit flows through the year arising from the successful operation of the Crown Mines gold plant, the directors have decided to declare, for the first time, an interim dividend of 17 cents per share. Details are set out in the accompanying dividend notice.

Provided that the group profit after taxation for the year is of the order of R20 million, the total dividend for the year will remain unchanged at 65 cents per share.

Dividend declaration

Notice is hereby given that dividend number 18 of 17 cents per share has been declared as an interim dividend in respect of the year ending 30th September 1985 payable to members registered at the close of business on 24th May 1985.

The register of members of the company will be closed from 25th May to 2nd June 1985, both days inclusive. Dividend warrants will be posted on or about 28th June 1985 to members at their registered addresses or in accordance with their written instructions received up to and including 24th May 1985. The dividend is declared in the currency of the Republic of South Africa. The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer agents and *paying agents* will be the telegraphic transfer rate of exchange between Johannesburg and London ruling on the first business day after 25th May 1985 on which foreign currency dealings are transacted.

Where applicable, non-resident shareholders' tax of 15% will be deducted from the dividend.

For and on behalf of the Board

D. T. WATT
J. R. FORBES } Directors
A. B. HALL

Johannesburg
2nd May 1985

Registered Office
Off Main Reef Road
Crown Mines, Johannesburg
2092 South Africa
(P.O. Box 27, Crown Mines
2025 South Africa)

United Kingdom secretaries
Charter Consolidated P.L.C.
40 Holborn Viaduct
London EC1P 1AJ

Transfer secretaries

Rand Registrars Limited
Second Floor, Devonshire House
49 Jorissen Street, Braamfontein
2001, South Africa
(P.O. Box 31719 Braamfontein, South Africa)

United Kingdom registrars, transfer and paying agents
Hill Samuel Registrars Limited
6 Greencoat Place
London SW1P 1PL

OVERSEAS NEWS

Two more tankers attacked in Gulf

IRANIAN aircraft attacked two tankers in the Gulf north of Qatar yesterday but damaged only one of them, writes Our Middle East Staff. The 20,085-ton Nordic Trader, registered in Liberia, was reported to have been hit by three missiles. The bridge and crew accommodation were *seriously* damaged, but the fire which broke out was later extinguished by salvage tugs. Earlier, the Japan Aster, 117,596 tons, had also been attacked. *The captain reported* that the missiles had missed his vessel.

The two attacks are thought to have been in retaliation for Wednesday's raid by Iraqi aircraft on the Turkish tanker Burak M south of Kharg Island, Iran's main oil terminal.

Ethiopia denies eviction reports

Ethiopian relief officials yesterday denied that 50,000 famine victims were forcibly moved from a feeding centre last weekend, saying the stories had been fabricated, reports Reuter from Nairobi. They said 30,000 people at the Ibinat camp had freely decided to go home to work their farms because of recent rains and that about 25,000 people remained at the feeding centre.

However, Father Jack Finucane, field director of the Irish aid agency Concern, said by telephone from Addis Ababa that at least 50,000 famine victims were ordered—though not at gunpoint or through having their huts burned down—to quit the camp and that only 3,000 elderly or infirm people were left.

Indian civil service strike may spread

A strike gy government employees in the western Indian state of Gujarat, where at least 73 people have been killed in two months of riots over policies affecting the status of minorities, yesterday threatened to spread, Reuter reports from New Delhi.

According to Indian news reports, a union representing 700,000 civil servants throughout the state has called on its members to stay away from work today and to go on indefinite strike from May 17 in protest against alleged police brutality during demonstrations against a caste-based promotion system.

ADB move to admit China fails

The Asian Development Bank ended its annual meeting yesterday after failing to admit China as a full member of the Manila-based organisation, Kyodo reports from Bangkok. However, the bank said that it hoped the issue would be settled soon, suggesting that membership could be granted by the next annual meetin. China had said on Wednesday that an understanding in principle had been reached where it would become a full member, with Taiwan retaining its membership under the new name of "Taiwan, China."

HK jury bid shelved

The Hong Kong Government, bowing to intense public opposition, has agreed to shelve indefinitely proposed legislation that would change the way complex commercial *trials* are heard, Reuter reports from Hong Kong.

Peres rejects U.S. devaluation call

BY DAVID LENNON IN TEL AVIV

ISRAEL flatly rejected American suggestions that it undertake a large devaluation and cancel the system of universal linkage of the economy to cost of living index, in order to rehabilitate the economy, Mr Shimon Peres, the Prime Minister, said yesterday.

Despite Israel's urgent need for emergency economic aid from the U.S., Jerusalem none the less dismissed the *recommendations of economic* advisors to Mr George Shultz, the U.S. Secretary of State, who called for major reform following a recent study of Israel's troubled economy.

"They told us that in order to cure the economy, we must take very drastic measures. One is a large devaluation, and the second is to cancel indexation," the Premier said.

"We said we will not accept these steps because the classic solution which says hit inflation even if this will bring deep unemployment, does not appear right to me.

"Perhaps it will end inflation, but it will create a terrible social problem which, in my opinion, will mean exchanging one illness for another," Mr Peres said.

"I will not give my support to creating an increase in unemployment in Israel, even if all the economists say that *this* is what will bring economic recovery. Who says that curing the economic situation justifies worsening the social situation?"

For a time it appeared that additional U.S. aid would be made conditional on implementation of such steps. But Mr Peres stressed yesterday that "the Americans did not set any conditions. They asked if our intention was to rehabilitate the economy, and we said yes."

It is now virtually certain that the US$1.5bn (£1.225bn) emergency aid which Israel is seeking over the next two years will be granted without Jerusalem, having promised to implement the harsh measures recommended by Mr Shultz's advisors.

At the same time the Premier said that the Government would take steps to rehabilitate the economy, such as granting autonomy to the Bank of Israel, the central bank, so that it can refuse Government requests to print money to cover the Government's deficit.

Zambia imports S. African diesel

BY PATTI WALDMEIR IN LUSAKA

ZAMBIA has been forced to arrange emergency imports of some 10m litres of diesel fuel from South Africa to avert an immediate diesel supply crisis which has arisen because the country has been unable to finance regular imports of crude for refining.

Oil industry officials said deliveries of crude to Zambia's oil refinery at Ndola had been interrupted because the country had fallen behind on repayments to a consortium of banks headed by Bank of America which provide the country with a revolving credit facility to finance oil imports. Arrears are believed to have exceeded $30m (£24.5m) last month, the cut-off point above which the consortium halts new finance for fresh supplies.

Zambia is currently suffering a severe shortage of foreign exchange largely because of falling production of copper, which earns 90 per cent of the country's export receipts.

Zambia has recently fallen into arrears on repayments to the International Monetary Fund, following the suspension earlier this year of the country's SDR 225m (£180m) *standby* financing facility with the Fund. IMF officials are currently in Lusaka for talks.

Officials said the crucial copper and farming industries were expected to run seriously short of fuel from next week unless emergency imports could be brought in. Some 2.5m litres are due to leave South Africa by road for Lusaka immediately, with the balance to be transferred once the initial tanker contingent has returned to South Africa.

Kuwaiti Parliament flexes its democratic muscle

BY KATHLEEN EVANS IN KUWAIT

KUWAIT's National Assembly, the only elected Arab parliament in the Gulf, has in the past two months become the most popular show in town. The public galleries are packed to capacity for every *session with* enthusiastic citizens hissing or wildly applauding speeches from the floor.

Before February's elections to the Assembly, the practice of democracy in Kuwait had been a rather sedate affair. Now it threatens to break new ground by introducing a vote of no confidence in a Government minister.

The target for some members of the Assembly is Sheikh Salman al Duaij al Sabah, Justice Minister. If next Tuesday's no confidence vote is carried, and local newspapers are speculating that it could be, it would represent an event of considerable political importance for the entire Gulf area.

Few citizens in the region ever question the right of ruling *families* to rule. For a parliament to seek the removal of a minister, nominated by the Emir and a member of the ruling family, is astonishing even by *Kuwait's* more liberal political standards.

Sheik Salman al Duaij faced an eight-hour interrogation at the National Assembly earlier *this* week. *He* was accused of exploiting his office for his own advantage by passing laws from which his immediate family benefitted.

In particular, *it* was alleged that the Minister's 12-year-old son received a cheque for $4.6m (£3.8m) from the Small Investor's Fund set up to compensate *victims* of the 1982 Souk al Manakh stock market crash. The Minister was also charged with dealing in closed company shares before they became *legally available and* with not sufficiently safeguarding public funds.

The only elected Arab parliament in the Gulf is packing its public galleries because of efforts to remove from office a Minister who *is also a member of* Kuwait's ruling family

Even if next Tuesday's vote does not succeed—and there are already rumours that many MPs will suddenly find urgent business appointments overseas—the minister's position may already be untenable. Ineed, there is speculation that Sheikh Salman al Duaij may resign before them.

Press reports also suggest that there are three more questions which have been lodged for Sheikh Ali Khalifa al Sabah, also a member of the ruling family and the Minister for Oil and Industry. Among other issues, he is to be questioned on the identity of two Kuwaiti citizens who allegedly benefitted from inside information prior to the acquisition of the U.S. company Santa Fe by the Kuwait Petroleum Corporation, of which Sheikh Ali *is chairman*.

Foreign diplomats in Kuwait are wondering whether the Opposition is embarking on a witch hunt of Government *Ministers. Diplomats see* significance in the fact that only Sabah family members in the Cabinet have been targeted for the Opposition's scrutiny.

This week's events are *not* the first sign of difficulties between the Government and the new Parliament. The problems began almost immediately when *the question of the Assembly's* Agenda came up. The Government insisted that Bills outstanding from the previous Parliament took priority over those which the new members wished to introduce. Parliament immediately asked why. The matter as to whether parliamentary Bills have equality with government Bills (and by implication those of the Emir) has now been sent to a constitutional court.

One of the most popular groups in Parliament is the Nationalists, made up of half a dozen Kuwaitis known for their sympathies for Arab and Gulf *liberation causes. A number of* them have in the past even spent time in jail.

Political parties as such are banned in Kuwait, but this group calls *itself* the Democratic League, and it won its seats on a ticket calling for justice, democracy and an end to corruption and the misuse of public funds. This is a direct reference to the huge sums of public money which have been spent by the Government in bailing out those in the Manakh market. The others, equally determined opposition groups, are the Islamic parties, although their committment to family rule varies from group to group.

Some Kuwaitis are already voicing concern that the present exercise could be dangerous for the country's democracy. Parliament was previously suspended in 1976 on the charge of obstructing urgent Government business. However, since that time, the Sabah family has repeatedly reaffirmed its commitment to democracy.

At this week's session, the Crown Prince and Prime Minister, Sheikh Saad al Abdullah expressed concern over the treatment Sheikh Salman al Duais had to endue, and called for unity in the nation. The response from the audience was *a ripple of applause and a move* by deputies for the no confidence vote next Tuesday.

Botha urges unity after poll victories

By Anthony Robinson in Johannesburg

A RELIEVED President P. W. Botha yesterday appealed for national unity to enable the Government to carry on with its task after his ruling National Party (NP) held on to their seats at by-elections in Port Elizabeth and at Harrismith in the Orange Free State.

Although voters rallied around the Government at Newton Park in Port Elizabeth, the right-wing Conservative Party (CP) came a close second in the provincial council election in Harrismith in a seat which hitherto had been an uncontested National Party stronghold. It won 2,637 votes to the NP's 2,884, which led jubilant Conservative leaders to proclaim that the CP was now in a position to win half the seats in a province which has been solidly National Party since 1953.

The rate of defections from the NP in Harrismith stem from a combination of economic and political factors in a conservative rural area where the Government's moves to abolish discriminatory racial laws and its refusal to grant higher maize prices to farmers were key factors.

Over 5,000 maize farmers from all over the country are expected to gather today in Klerksdorp on the western Transvaal, scene of recent strikes and mass sackings in the gold mines, to demonstrate against the Government's farming and maize price policies in a move reminiscent of European farmers' demonstrations against EEC farm policies.

The Government's decision not to raise maize prices was taken on *broader* economic policy considerations designed to keep the rise of government spending below the rate of inflation and to phase out *subsidies of all kinds*.

President Botha was due to meet maize farmers' representatives last night in an attempt to explain the need for lower farming subsidies and head off the risk of a politically damaging shortage of maize, the basic element in the diet of most blacks. The threatened shortage is caused by farmers refusal to sell their maize to the Government-controlled Maize Board silos.

Mr Hennie Nel, general manager of the Maize Board, said yesterday that silos only held white maize stocks for 14 days' supply and would not be able to supply millers beyond that date unless farmers came forth with supplies.

'Crying Lady' says Aquino shot by uniformed soldier

BY CHRIS SHERWELL, SOUTH-EAST ASIA CORRESPONDENT, IN MANILA

PHILIPPINES opposition leader Benigno Aquino was shot by a uniformed soldier as he descended from his aircraft at Manila airport, an eyewitness, dubbed the "Crying Lady," testified yesterday.

Her testimony was the first from someone who claimed to have seen the shooting, and appears to boost the prosecution in case plagued by vanishing witnesses, changes of testimony and continuing controversy.

Mrs Rebecca Quijano, a 32-year-old businesswoman who was on the same aircraft as Mr Aquino on August 31 1982 is known as the "Crying Lady" because she was seen weeping uncontrollably after the assassination.

She later went into hiding, and did not appear before the commission of inquiry into the killing headed by Mrs Corazon Agrava. Mrs Agrava's five-*member panel rejected* the police theory pinning blame solely on Rolando Galman, who was shot dead immediately following the attack on Mr Aquino, and pointed instead to a military conspiracy.

Although Mrs Agrava insisted the conspiracy was limited, the other four on the panel named 25 military men and a civilian, including Gen Fabian Ver, the armed forces chief. All are now on trial.

Hearings have dragged on for weeks in a dingy room deep *in the bowels of the Prime* Minister's majestic executive office building off Luneta Park in the heart of Manila. Benches in the room are packed, and a camera at the back is said to pipe proceedings to the palace.

A Philippine Airlines mechanic testified in early March that he saw Mr Galman standing among some soldiers on the airport tarmac at the time a shot rang out. He said he did not see the shooting.

Yesterday's evidence from Mrs Quijano buttressed the conspiracy theory further, and followed her delivery of sworn statements before the chief prosecutor earlier this week. The statements said that she saw a gun pointed at Mr Aquino's back and heard gunfire while he was still descending the stairs.

She also affirmed that the shooting itself was carried out by a man wearin gthe uniform of the paramilitary Metropolitan Command. If this is supported, *it* would *narrow down* the list of those who actually pulled the trigger to just two.

Mrs Quijano was expected to testify for two days, but in a *surprise* development, lawyers for the defence waived their right to cross-examine the witness. They said afterwards that the absence of blood on the stairway was physical evidence which directly refuted Mrs Quijano's testimony, making cross-examination unnecessary. But the move is presumed to be aimed at preventing any *weakening of their case or a* strengthening of the prosecution's.

Reagan 'will ignore' court challenge on Nicaraguan embargo

BY ROBERT GRAHAM

PRESIDENT Ronald Reagan yesterday underlined his determination to press ahead with the U.S. trade embargo on Nicaragua by declaring that his Administration would ignore any move to challenge the action in the International Court of Justice at The Hague.

At the same time, the U.S. State Department revealed that plans were under consideration for freezing Nicaraguan assets in the U.S. and restricting travel by American citizens to Nicaragua.

These tough statements in the wake of Wednesday's embargo were counterbalanced by the Nicaraguan President Daniel Ortega's announcement from Belgrade that 100 Cuban military advisers were leaving Nicaragua yesterday, as a gesture aimed at improving the atmosphere in Central America. The offer to withdraw 100 of the 800 to 1,000 Cuban military advisers in Nicaragua was made two weeks ago by President Ortega, prior to the U.S. House of Representatives' vote to reject all further aid for the "contra" rebels.

President Reagan, who is in Bonn for the economic summit, said he did not recognise the International Court's jurisdiction in these matters. "It won't make much difference what they (the Nicaraguans) do, we're going to go ahead with our sanctions," he said. Last year the U.S. rejected the International Court's jurisdiction when it found in favour of a Nicaraguan complaint over the U.S.-backed mining of Nicaragua's ports.

The idea of freezing Nicaraguan assets in the U.S. was raised by Mr Langhorn Motley, assistant Secretary of State for Inter-American Affairs. At the end of 1984 Nicaragua had \$132m (£108m) deposited in U.S. banks. Against this Mr Motley indicated that U.S. corporations with foreign-based subsidiaries would not be affected by the embargo.

In Washington Congressional reaction has so far been mixed but generally favourable to President Reagan's action. Senate majority leader Mr Robert Dole said: "It's about time—and I hope it is effective." But Republican Senator Mark Hatfield, a long-time opponent of the President's Central American policy, said: "We are slamming the door on the possibility of peace."

The embargo drew sharp criticism yesterday from Moscow. Several Western countries—notably Canada and Australia—voiced concern over the move. Canada has been seeking to play a behind the scenes conciliatory role in Central America. In Britain the leader of the opposition, Mr Neil Kinnock, wrote to the Prime Minister, Mrs Margaret Thatcher, expressing his "grave concern."

Nicaragua's Foreign Trade Minister, Sr Alejandro Martinez, claimed in San Francisco his country could find alternative markets for the \$57m worth of goods sold to the U.S. He said that Nicaragua had felt obliged to turn to Moscow for more economic assistance in January when the U.S. blocked a \$58m loan from the Inter-American Development Bank. These funds were needed for fertilisers and essential agricultural material. Sr Martinez also warned that California, would as a result of the embargo, have to find elsewhere 4m boxes of bananas supplied by Nicaragua at present.

W. Germany in fishing row with Canada

By Our Foreign Staff

A DISPUTE is threatening to blow up between Canada and West Germany over allegations that West German fishing boats have over fished cod stocks off the coast of Newfoundland. Mr John Fraser, the Canadian Fisheries Minister, has stated in Ottawa that the charge has been investigated and that action is being considered.

The West Germans are alleged t obave taken 150m lb of cod just outside the Canadian 200-mile zone on Grand Bank, but within a zone where Canada exercises rights of management. They had already taken the quota to which they are entitled within Canadian waters under the fishing agreement between Canada and the European Community.

In the Canadian view the stocks on both sides of the line are part of the same resource. Before Mr Fraser's statement yesterday representations had already been made to the European Commission in Brussels.

Andrew Whitley visits the capital of 'black Brazil'

Pleasant life for some in Salvador

SALVADOR, the balmy, easy-going capital of "black Brazil", that part of the country which draws its roots from African slavery, is a highly agreeable place to live and work – for those who have money.

But for the vast majority who survive, barely, on very little, the charms of its crumbling old churches and fine seafood restaurants hold little attraction. For them Salvador is an overcrowded, crime-ridden centre of disease and filth. Home is often a wooden shack on stilts in a shanty town on the edge of water.

Wealth in this city of 1.8m dominating the magnificent Bay of All Saints on Brazil's north-east coast, has always been concentrated in few hands. First it came from sugar cane, later from other profitable cash crops such as tobacco, coffee and cocoa, and always there have been the traders and brokers, the shipping agents and the family-owned banks who provided the credit so essential for these types of activity.

Most of today's clique of brokerage and trading houses were founded between the wars by Europeans, many of them Middle Europeans. The links of the cocoa grinders and shippers, in particular, with U.S. and West European companies remain close.

The rich, gold encrusted interiors of Salvador's ornate baroque churches speak of the wealth that, used to exist in a more pious age. Nowadays it can be seen in the luxurious houses of the cocoa traders within their guarded compounds or else on the broad dual carriageway stretching out to the brand new international airport.

This is not to say that the state government does nothing about the poverty. it is proud of a low income, housing redevelopment scheme being built on the city's outskirts. But the city fathers know full well that the scale of the problem is beyond their means.

* * *

Cocoa needs its brokers and so does politics, especially in north-east Brazil, a traditional stronghold of the federal government's power. Salvador, or more correctly Bahia state as a whole, is the power base of one of the grand old men of Brazilian politics, Sr Antonio Carlos Magalhaes.

Twice state governor, the white moustachioed Sr Magalhaes, whose political machine would have made Mayor Daley of Chicago green with envy, is the unquestioned power broker of the north-east. When he turned publicly against his old military masters last year and switched his support to the late president-elect Sr Tancredo Neves, who was then the opposition presidential candidate and given little chance of victory, the rest of the north-east swung with him.

For his decisive contribution to Sr Neves' electoral victory the Bahia political boss was rewarded with the job of Minister of Communications. It was an appointment that sat uneasily with the professions of change in the New Republic, the label given to the new civilian era in Brazil.

With the well-fed figure of Sr Magalhaes at their head, droves of politicans have been leaving Salvador and other north eastern cities, particularly Recife, since the March 15 change of government to take up new posts in Brasilia. The scale of the north-east invasion of the federal capital has even exceeded that of São Paulo, the economic powerhouse of the country.

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One undoubted sign of change, in Salvador as well as in the rest of the country, is the intense campaign underway by the proscribed communist parties for their legalisation.

The walls of Salvador are covered with red paint demanding legalisation for the Pc Do B, the Albania-line breakaway communist party in Brazil. Backing up the point, the evening peace of the Largo do Pelourinho, the historic 400-year old centre of old Salvador, is broken daily by a loudspeaker van blaring out the same message.

Just off the square is the headquarters of one of the oddest of the many odd religious sects-cum-social clubs in this country. They call themselves the "Filhos do Gandhi" – literally sons of Gandhi – and dress up in white turbans and loincloths, in reverance to the Mahatma, to participate in the annual carnival parade.

Gandhi was a pilgrim of peace, this 5,000-strong sect says in explanation of their devotion. What this has to do with carnival in Salvador, which is boisterous, drunken and frequently violent, is hard to follow.

The sect arose in 1949, after a group of laid off dockers meeting under a Mango tree had been to see "Gunga Din," that Hollywood version of Indian history.

Candomble, the pure African spirit cult which holds Bahia in its sway, is the spice which influences the "Filhos do Gandhi" and many other walks of Brazilian life. Black magic to its critics, Candomble is a powerful religion to its devotees which claims to protect the individual against daily tribulations.

All the Catholic church can do is try and compete, with its own elaborate ritual and examples of miraculous faith. For many, the focus of that faith is the Nosso Senhor do Bonfim church in Salvador, an unprepossessing looking pile on a small hill.

Founded in the 18th century by a traveller from Europe saved from shipwreck, the church is now a national centre of pilgrimage.

The sick bring waxwork images of the afflicted parts of their body, to leave in supplication for divine mercy – adding their legs, heads or backsides to the large collection of relics already hanging grotesquely from the ceiling of an antechamber in the church.

Those with a particular wish to ask of the divinity wrap a coloured cotton band around their right wrist, to be left on until it drops off of its own accord, when the wish will be granted.

Nor is it only the humble who believe in this amulet's efficacy. A few years ago, at a crucial stage in Brazil's debt negotiations with its creditors, Sr Carlos Langoni, then central bank governor, could be seen sporting a Nosso Senhor do Bonfirm wristband. What the results were for him, and for Brazil, the world's most indebted nation, remains to be disclosed.

Budget passage faces delay over contested seat

BY STEWART FLEMING IN WASHINGTON

PRESIDENT Ronald Reagan's prospects of securing passage of his Budget and other legislative initiatives in the House of Representatives are threatened by a bitter row in the House over the seating of a new member for the eighth congressional district of Indiana.

After months of controversy, the House on Wednesday voted largely along party lines to award the contested seat to a Democrat, Mr Frank McCloskey, rather than his Republican rival Mr Richard D. McIntyre.

The decision was greeted by a walkout by Republican members of the House, one of whom had earlier accused the Democrats of being ready to "lie cheat or steal" to win the election. It was the first time since 1890 that a session was boycotted. On that occasion the Democrats walked out to protest an election.

The dispute over Mr McCloskey's seat goes back to the November congressional elections. On election night it appeared that he had won the seat by a margin of 72 votes. But a subsequent recount resulted in Mr McIntyre being declared the winner.

However, when he came to Washington in January to claim his seat, the House Democrats raised procedural objections to the Indiana recount and a panel of two Democrats and one Republican was appointed to conduct an investigation of the voting. The outcome was the closest congressional election decision this century, awarding the seat by four votes to Mr McCloskey, after the panel had split along party lines. A crucial factor was the decision to allow 32 postal votes to be included in the final tally because they were not properly notarised.

Foreign takeovers of U.S. companies rise

BY TERRY DODSWORTH IN NEW YORK

FOREIGN takeovers of U.S. companies soared to near-record figures in 1984 desipte the strength of the dollar, with UK acquisitions far exceeding those of any other country.

According to figures from W. T. Grimm, a research organisation which has been recording merger and acquisition activity in the U.S. for 38 years, overseas buyers purchased 151 U.S. companies in 1984, an increase of 18 per cent from 125 in the previous year. All the figures are based on acquisitions valued at more than \$500,000 (£408,663).

The total dollar value of the takeovers increased even more dramatically, going up to \$15.1bn from \$5.9bn in 1983. This total was only exceeded in 1981, when foreigners were particularly active in buying U.S. companies' energy assets, including the \$4.3bn purchase of TexasGulf by Elf Aquitaine, the nationalised French oil group.

The jump in dollar values was mainly attributable to two particularly large deals—the \$5.5bn tender by Royal Dutch Shell fort he remaining 30.5 per cent of Shell Oil of the U.S. and the \$2.9bn purchase of Carnation by Nestle of Switzerland.

Apart from these purchases, the most significant increase in investment came from the UK, where the number of acquisitions rose from 42 to 49 companies.

In dollar terms, the UK's commitments to the U.S. last year jumped from \$1.1bn to \$2.8bn, even disregarding its share of the Royal Dutch Shell deal. Grimm gives the whole of the Royal Dutch deal to the Netherlands, making it principal foreign investor last year at \$5.6bn, followed by Switzerland (because of the Nestle deal) at \$2.9bn.

In numerical terms, Canada followed the UK last year as the principal investor with 36 acquisitions, leading Sweden with eight and France and Switzerland with seven each. Japan was only sixth in the table, with just six purchases worth \$430m, while Germany was 10th, with four investments valued at \$214m.

Grimm's explanation for this surge of interest in the U.S. against the tide of the strong dollar is that many overseas companies were willing to pay for access to the U.S. market and last year's buoyant economy. A lot of the take-over activity was in the retail and distribution sectors which have benefited from the strong rise in consumer demand during the recovery. There was far less interest in heavy industry, in contrast to the late 1970s.

That is not to say that foreigners are not interested in U.S. heavy industry. The Japanese, in particular, have shown great enthusiasm of late for producing in the U.S. and the most significant acquisition in heavy industry came from Japan, with the stake bought by Nippon Kokan (NKK) in National Steel. But the Japanese also seem to prefer projects which they can mould more closely to their objectives, as in their major investments in the motor industry.

Grimm also believes that overseas companies have become somewhat more discerning in their acquisitions of late. In the 1970s, European investors suffered a rash of mistakes in the U.S., quite often buying dud and extremely expensive companies.

Last year, foreigners on average paid around 17.8 times a company's after tax earnings for their U.S. companies, not substantially more than the national average of 17.2 times. Back in 1979, when foreign takeovers reached their numerical peak of 236 acquisitions, overseas companies were giving a whopping 20.9 times earnings for the privilege of a U.S. base, while the locals were paying only 14.3 times for their own acquisitions.

Italy strengthens hi-tech defence links with India

BY JOHN ELLIOTT IN NEW DELHI

ITALY'S position as a major supplier of high technology and other equipment to India has been strengthened this week with the signing in New Delhi of a memorandum of understanding between the two countries on research and development for electronics defence products.

No major defence sales are imminent. But Italy is specially interested in radar sales from its Selenia company and the agreement, which lasts for five years, gives it a springboard.

France signed a memorandum with India two years ago on defence sales and technical collaboration, but the UK has so far failed to clinch a similar arrangement.

A government-to-government understanding exists between India and Russia, the country's major defence supplier. Defence sales are also covered by an understanding on high technology with the U.S.

The agreement with Italy has been signed at a time when business relationships between the two countries are politically sensitive.

Mrs Sonia Gandhi, wife of the Indian Prime Minister, is an Italian, and for some years there have been constant allegations from other countries that the "Italian connection" helps companies from Italy to win contracts.

Snamprogetti, the contracting wing of ENI, Italy's state-owned energy corporation, has won technical collaboration agreements in various areas.

The most contentious has been its success against international competition for six large fertiliser plants being built on a 1,200-mile cross-country pipeline.

Ministers have recently had to defend those contacts in the Indian parliament after fresh controversy over the construction of the pipeline itself.

Snamprogetti argued strongly that the pipeline should be built on a turnkey basis, not piecemeal contracts which were being favoured by the Indian Government.

It backed its arguments with a $736m (£636m) turnkey bid which it later reduced by $100m.

Last month, the Government decided to abandon piecemeal contracts for building the pipeline and invited composite bids. This has led to suggestions—officially denied—that it wants Snamprogetti to win.

Air New Zealand to buy 6 Boeing-737s

AIR NEW Zealand, the government-owned international and domestic airline, plans to purchase six new Boeing 737-200 series passenger jets, it said yesterday, AP-DJ reports.

Terms of the agreement, which involves Boeing buying back six of Air New Zealand's oldest 737 aircraft, were not disclosed.

Air New Zealand's chief executive, Mr Norman Geary, said the six neew Boeing 737 aircraft will be delivered within a year.

The airline is awaiting the arrival of the first of its three new Boeing 767 jets due to go into service between New Zealand and Australia in August.

The airline also has a sixth Boeing 747 Jumbo jet on order, it stated.

● Rolls-Royce has won a $28m (£23m) contract to upgrade the RB211/524 engines on nine Boeing 747s owned by Cathay Pacific Airways, Reuter reports.

It is the first order for the package of improvements for the engine. No other orders are under discussion, the company said.

Wholesale price of Mercedes cut in U.S.

By Kenneth Gooding, Motor Industry Correspondent

DAIMLER-BENZ of West Germany has effectively reduced the wholesale price of Mercedes cars sold in the U.S. by 3 per cent — an unprecedented move by the group.

The "temporary allowance" covers all the 10 Mercedes models on sale in the U.S. but is clearly designed to give dealers more scope to sell diesel-engined cars following the sharp drop in demand for this type of vehicle.

The allowance, equivalent to a rebate of 3 per cent on all models, enables reductions of between $550 and $1,365 (£1,137) to be made in the Mercedes range. Retail prices, however, have not been altered and are from $22,850 to $56,800.

Mercedes-Benz of North America said that the allowance would give dealers more leeway in selling cars but insisted there were no large stocks of Mercedes cars to be shifted. A date for ending the allowance had not yet been fixed.

The company expects to sell about 85,000 Mercedes in the U.S. this year, compared with 79,222 in 1984.

Mercedes has also recently reacted to competitive pressures in the U.S. by reducing the retail prices of spare parts by 10 per cent.

Sanctions—a double-edged weapon

BY CHRISTIAN TYLER, TRADE EDITOR

TRADE SANCTIONS of the kind launched on Wednesday by the U.S. against the left-wing Sandinista Government in Nicaragua have a habit of proving a costly and embarrassing failure.

Post-war history shows that they may succeed in hurting the target country's economy, at least temporarily, but usually at the cost of equal damage to businesses and traders in the countries trying to enforce them.

An attempted embargo may be a dramatic, even punitive, sign of political displeasure; but as a way of furthering foreign policy, or even strategic, objectives it has not in modern times proved effective.

According to a study of trade sanctions by the European Parliament, target countries cannot be persuaded by external economic pressure to make any radical change in their policies. Indeed, the usual result is to harden attitudes, strengthen national solidarity and even to stimulate domestic industry, as the prolonged embargo of Rhodesia (now Zimbabwe) demonstrated.

Trade sanctions, to be successful, have to be applied suddenly, enforced strictly and supported by all the trading partners. The target country must also be highly dependent on the embargoed trade, and unable to inflict retaliatory damage.

In Nicaragua's case, some—but not all—of these conditions may be met. Even before the U.S. decision was announced, the Soviet Union had reaffirmed its readiness to give Nicaragua economic and diplomatic support. That implies that the Comecon countries, quite apart from any Western nations, will move in to fill the gap.

The most celebrated recent example of trade sanctions imposed for foreign policy reasons was the U.S. embargo of equipment for the Siberian gas pipeline, in response to the introduction of martial law in Poland in December 1981.

The embargo undoubtedly set back the pipeline project, although the full extent of disruption inside the Soviet Union will presumably never be known. Its consequences for the West were little short of disastrous, creating a political rift among the Nato allies and a loss of business for U.S. companies.

In that case, political objectives became overshadowed by wrangling among the Nato allies. The U.S. demanded that European companies, mainly from France, Italy and the UK, should cancel existing contracts because their equipment contained U.S. technology. The lingering jurisdictional dispute led the British Government to pass a measure virtually instructing UK groups to carry on supplying the pipeline.

A previous U.S. grain embargo against the Soviet Union in 1980, imposed in protest at the invasion of Afghanistan, also failed when Argentina refused to comply and replaced some of the missing imports.

'An attempted embargo may be a dramatic sign of political displeasure, but as a way of furthering strategic objectives it has not in modern times proved effective.'

Canada and Australia also continued to supply existing contracts. That embargo cost the Soviet Union about $1bn (£826m), the price it paid for substitute imports. But it also cost Washington about the same to buy up its own farmers' grain surpluses.

Attempts to secure the release of the U.S hostages held in Iran by economic pressure in the same year probably had little direct impact. EEC exports to Iran more than doubled in anticipation of the ban between January and May 1980, and continued to rise—but by under 10 per cent—during it. Some U.S. goods found their way in via the United Arab Emirates, and Iran struck a number of deals with the Soviet Union, India and Turkey. In the end, according to the European study, it was internal developments, the war with Iraq and the freezing of Iran's overseas assets that helped to get the American hostages released.

The most concerted embargo of recent years was that imposed against what was then Rhodesia, in an effort to force Mr Ian Smith's regime to accept independence under black majority rule. Major oil companies, including BP and Shell, broke the oil embargo while South Africa and Portugal with her colonies of Angola and Mozambique kept other essential supplies flowing.

Until a recession in 1975—the embargoes were tightened progressively from 1965 and were lifted in 1979—Rhodesia's GNP grew at a real rate of 6 per cent a year, employment grew, and industrial development was stimulated to the point where the country was supplying some 80 per cent of its own needs.

Again, lack of cohesion has rendered the Arab boycott of Israel and of companies supplying Israel a boycott in name only. First imposed in 1946, and relaunched in 1973, the boycott has never been consistently applied. European MPs noted that "self-interest and pragmatism tended to prevail over anti-Zionist ideology," at least when it came to blacklisting companies that did business with Israel.

The solidarity problem was also the reason for the repeal in 1966 of a three-year Nato embargo on the sale of steel pipes to the Soviet Union, a decision taken for strategic rather than economic reasons. Sweden and Japan promptly moved into the market, while the brunt of the commercial damage was sustained by one Nato partner only, West Germany.

Canadian industries may win market-share pledge

BY OUR OTTAWA CORRESPONDENT

THE Canadian Government, under pressure from mounting imports, is moving towards domestic market share guarantees for the country's traditional industries, Mr Sinclair Stevens, Industry Minister, hinted yesterday.

The textile and apparel industries, whose domestic market share on a total fibre basis has sunk steadily to about 40 per cent since 1980, have asked the Government for temporary global quotas on garment imports from low-wage countries under Article 19 of the General Agreement on Tariffs and Trade (Gatt).

They argue that the request is justified by the failure of Canada's 1981 bilateral restraint agreements with 21 exporting countries to prevent major disruption in the domestic market.

Both the Canadian and U.S. textile and garment manufacturing industries are pressing their Governments to seek a toughening of the MultiFibre Arrangement (MFA) when negotiations for its renewal start this summer. But the Canadian industries say they cannot wait for the MFA talks to be completed and need temporary global quotas now.

PROFILE: DR CLAYTON YEUTTER

Human dynamo who will hit the ground running

BY NANCY DUNNE IN WASHINGTON

FOR MONTHS before President Ronald Reagan asked Mr Bill Brock, his Trade Representative, to take on the job of Labour Secretary, the word circulated in Europe that Mr Brock's successor would be Dr Clayton Yeutter, 54, President of the Chicago Mercantile Exchange.

Whether the source for the rumours was Dr Yeutter himself was never clear, but associates say he has talked openly for some time of his eagerness to serve in the job.

Certainly, if he coudl have set out to gain the position from birth, he could hardly have chosen a more suitable career path.

He has taught, farmed, practised law, negotiated in various capacities, and, over the past seven years, presided over the explosive growth of the world's second largest futures market.

He served as deputy Special Trade Representative in President Gerald Ford's Administration, and, having held two Assistant Secretary positions in the Department of Agriculture, is well qualified to take up with the EEC the thorny issue of agricultural export subsidies.

An April 2, President Reagan gave him the job which brought him at last to Cabinet rank. His first action was to call his mother in Nebraska to give her the news.

Instead of hearing her congratulations, he said later that his mother had asked sceptically: "How long is this job going to last?"

The appointment was greeted with more enthusiasm in U.S. political circles, where he is universally described as a "tough, knowledgeable negotiator," who will, in the words of Mr Larry Speakes, White House spokesman, "hit the ground running."

With the mounting U.S. trade deficit threatening the health of the economy and a controversial new round of multinational trade talks looming, he will have to lose no time in making his presence felt.

Dr Yeutter has his strong admirers in the international community but among some he had a reputation in the 1970s as "inclined to bang the table a bit."

But there would be nervousness anyway about any successor to Mr Brock at a time when trade wars are threatening on every front.

Journalists who have covered Dr Yeutter's activities over the years say he can indeed be blunt. An aide at the mercantile exchange acknowledged: "He is accused of not being tactful, but he's a busy man. He moves quickly. He doesn't waste his time with unnecessary rhetoric."

Dr Yuetter, who is expected to be confirmed in his new post next month, told the New York Times that his views are in line with the President's on free trade, "but with a recognition that the trade has to be fair . . . There has to be a level playing-field."

Dr Clayton Yeutter

Everywhere, Dr Yeutter is spoken of as a "whirlwind," of energy who rushes around the world from one meeting to another without showing any strain—and then walks for relaxation.

Mr Don Nelson, Assistant for Agricultural Affairs and Commodity Policy at the Trade Representative's office, said Dr Yeutter, was "a dynamo . . . very demanding of himself and of others . . . always well-prepared and thorough."

His style and Mr Brock's are more alike than they are different, Mr Nelson said. "Neither is a blusterer. Both are thoughtful and respectful of the views of the other side."

His associates all describe Dr Yeutter as highly intelligent. "He's probably the only man ever to have received both a Ph.D.. degree in agricultural economics and a law degree at the same time from the University of Nebraska," said Mr Ron Frost, vice-president of commodities marketing at the mercantile exchange.

White House officials stress his experience in agriculture. In 1974, he was co-chairman of the Joint American-Soviet Committee on Agriculture, which negotiated agriculture exports to the Soviet Union. A year later he was in charge of the talks to end the "Cheese War" with the EEC.

"That was the first time in Common Market history that they agreed to withdraw some of their agricultural subsidies," Dr Yeutter said.

"It made some of the Common Market's Agricultural Ministers very unhappy." Many may well be wondering how they will fare now, with so formidable an advocate of U.S. interests.

هكذا من الأصل

When you come to think of it, superior hotel service is largely a function of memory.

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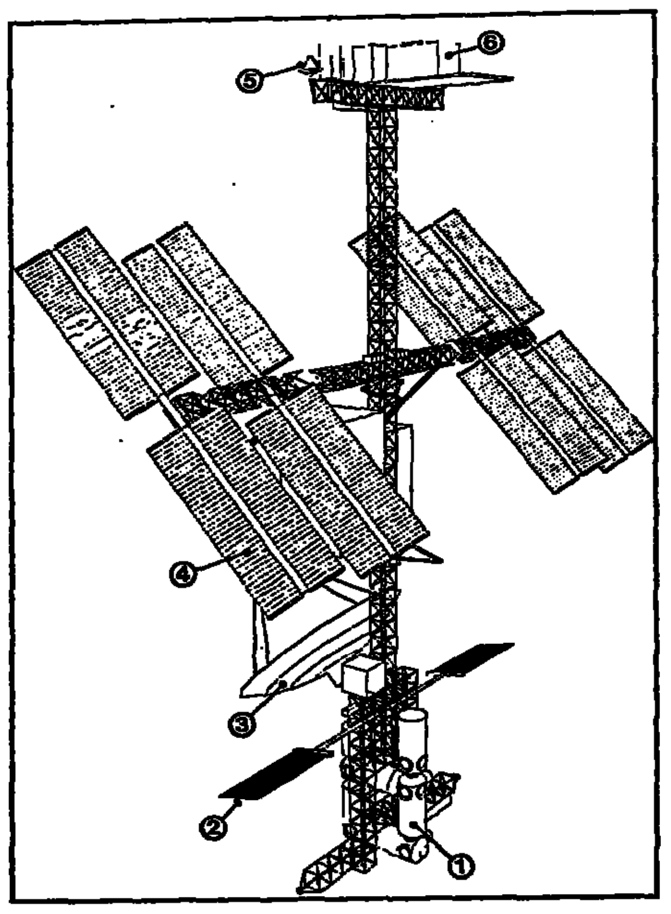
EDITED BY ALAN CANE

The down-to-earth benefits from living in space

The international effort to put the world's most technically advanced manned space station into orbit in 1994 will have important spin-offs for Earth. Peter Marsh reports in the second of a two-part series.



1. Living units. 2. Radiator. 3. Communications. 4. Solar panels. 5. Docking module. 6. Scientific instruments.

THE U.S. National Aernautics and Space Administration plans to hand out $3.2m to the food industry to tempt companies to devise tastier meals for astronauts.

Nasa engineers are discussing with several companies ideas for making meal times in space "something to look forward to," in the words of Mr Chris Perner, head of the manned systems division at the Johnson Space Center in Houston.

The work is part of the Nasa effort to prepare for the $12bn manned space station, due to be built mainly by the U.S. but with help from Western Europe, Japan and Canada. On the orbiting base, which should be in place by 1994, astronauts will live and work for three months at a time.

It will be a far cry from current U.S. space missions, in which people enter orbit aboard space shuttles for no more than 10 days.

"On long-duration flights, food ought to be really enjoyable," said Mr Perner. "We have got to make life more comfortable for astronauts. Up to now, going into space has been like taking a camping trip."

As part of the food studies, Nasa is talking to companies such as General Foods, Beatrice and Coca Cola about new techniques to preserve meals and to ensure they can be eaten without difficulty in the zero gravity of outer space.

Among the techniques under consideration are gas-packing and irradiation to keep fresh for extended periods items such as fruit and vegetables.

Workers at Nasa are also examining new forms of kitchen appliance suited to a space base, for freezing or cooking food. General Electric and Whirlpool, a maker of Earth-bound food equipment, have both said they may be interested in redesigning their products for space.

Nasa intends to award contracts worth $3.2m this autumn under which companies would have two years to come up with new ideas both for foods and kitchen hardware.

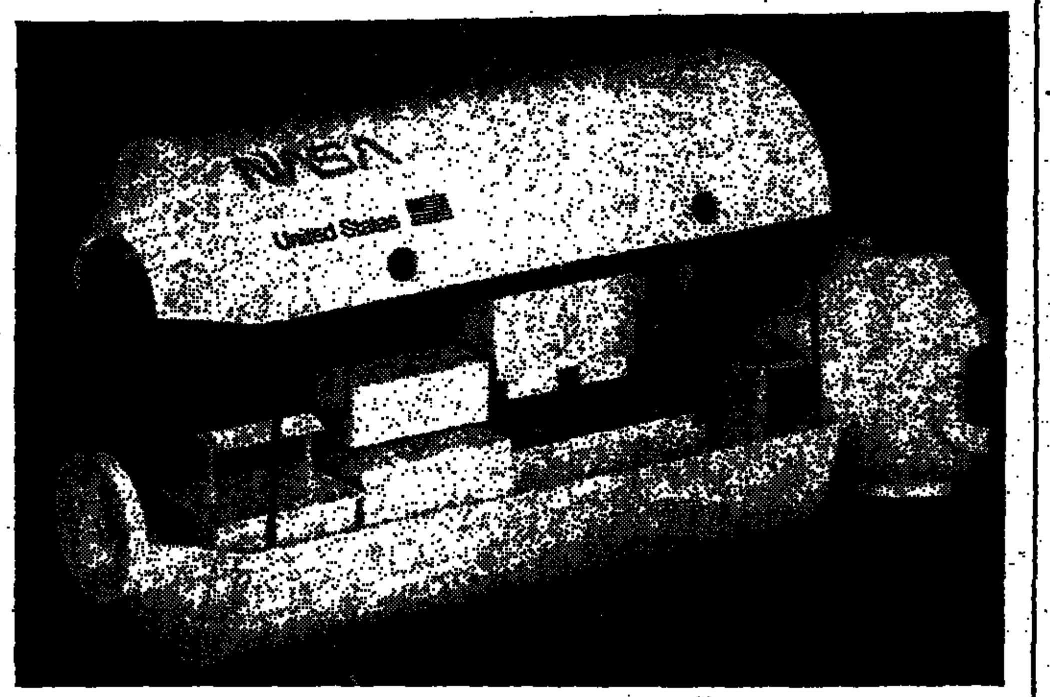
Early astronauts had to make do with liquidised meals, like baby food, that were squeezed out of tubes. Today's shuttle crews have a range of freeze-dried meals that can be eaten in relative comfort.

The astronauts rely on the natural "stickiness" of foods that keeps the material in place on a fork or spoon without it floating around the crew quarters. Drinks can be consumed using a can that crimples up like an accordian, so forcing the liquid into the space farer's mouth.

But the eating arrangements still leave much to be desired. Most food is consumed cold. Recent shuttle flights have incorporated a galley with a rudimentary oven that warms food by resistive heating — but the device is inefficient and takes a long time to heat up.

Mr Perner plans to devise a more efficient oven, possibly using microwaves, that will allow crews on the space station to cook a roast meal.

On the U.S.'s space shuttles refrigerators are frowned on. The weight of their compressors and insulation increases the mass that must be injected through the atmosphere into space, so adding to the shuttles' fuel costs.



Model of a living unit showing the astronauts' box-like sleeping cells.

Nasa engineers want companies to find new, light-weight materials that could form part of space refrigerators. The research could also provide new designs of appliances for earth-bound kitchens.

Boiling water in the unusual conditions of an astronaut's crew cabin presents a special problem. Steam would add to the moisture that has to be removed from the air inside the quarters by an environmental control system.

On current shuttle flights, therefore, astronauts have to be put up with luke-warm tea. For the 1990s, designers may be able to fashion an enclosed kettle system that traps steam and condenses it back to water.

Other subjects related to the space station under examination by Nasa's manned system division include:

● Design of living quarters. Preliminary plans for the space station call for two accommodation units for astronauts, both about 10 metres long and four metres in diameter.

In the units, which would be pressurised and provided with oxygen and nitrogen that is continually recycled, astronauts would be given individual "cells," measuring some two metres by one metre by one metre, to provide a semblence of privacy.

The walls of the cells, into which the station's occupants would retire for the night, could be made of panels of fabric or light alloys that the astronauts could switch over easily, to provide for a change of colour.

Grumman, Northrop and Boeing are among the aerospace companies working with Nasa on cell design.

● Leisure activities. Nasa planners want to minimise the chances that astronauts will suffer from tiredness or fatigue.

Crew members will probably each be given a computer terminal to play games. Video images will be transmitted as coded signals from Earth so that the station's occupants can watch their favourite plays or TV shows.

● Keeping fit. Nasa engineers are talking to Nautilus, a U.S. manufacturer of exercise equipment, about the design of hardware such as running machines with which astronauts could keep in trim.

Hardware such as exercise bicycles could be linked to a video screen so that the person in space gains the impression that he is cycling through some favoured place, the back streets of Paris for example.

● Toilets. On the shuttle fleet, Nasa uses what are popularly called "dry Johns." Fecal matter is shredded and stored in dried form, while urine is pumped into tanks. The waste is later shipped to Earth.

But on a space station, this approach would be costly and take up valuable storage space. So engineers will attempt to develop a "closed-loop" toilet system in which as much as possible of waste materials are recycled to useful substances, for example, drinking water or oxygen.

A third possible stance on toilet designs, adopted by the USSR in its series of Salyut space stations, is to jettison waste periodically in canisters or bags. The objects, known as space honeypots to the U.S. Air Force officials who monitor them with high-accuracy radar instruments, eventually fall into the atmosphere and are burnt up.

Space honeypots are disapproved of by Nasa engineers. They could contaminate the near vacuum around the space station, interfering with scientific experiments.

● Washing facilities. Having a shower in space presents obvious problems—without special care, the water globules may drift all over the living accommodation. People on shuttle flights normally use sponges to keep clean.

For a spell of three months, something extra will be required. Nasa engineers are working on vortex generators to force jets of water from a shower onto an astronaut's body and then off surfaces, which will have to be kept dry for hygiene reasons.

Nasa workers are considering similar techniques for space-based dish and clothes washers. On previous missions, dirty kitchen receptacles and clothes have simply been stored after use. Shortage of warehouse room makes this impracticable for a long mission.

Manufacturing Summit dates fixed

THIS YEAR, IFS Conference of Bedford has amalgamated what were in previous years five separate manufacturing meetings into a single Advanced Manufacturing Summit to be held at the Hotel Metropole, Birmingham, on May 14-17.

Delegates, instead of spending up to 20 days attending the five conferences, will be able, under one roof, to listen to speakers of their choice in the areas of assembly automation, the automotive industry, robotics, materials handling and automated manufacture. Technology, economics, human factors, training and safety will all be covered.

More from IFS at 35 High Street, Kempston, Bedford on 0234 853605 or telex 825489.

Chip tester

BRITISH TELECOM this week announced an advanced commercial system for testing microchips.

Based in Birmingham, the service is offered by BT's Materials and Components Centre and features a Sentry/Schlumberger Series 80 linear/analogue tester, the only one o fits kind commercially available in the UK.

It is able to test linear and mixed linear/digital devices such as combined codecs/filters, tone generators, diallers, modems, comparators, operational amplifiers and digital to analogue convertors.

More details on 021-772 2361.

Fire guard

FIRE FIGHTERS may be able to respond more effectively to emergencies with a computerised communications system from Dowty Electronics of Chippenham, England. The E-CAT system links a fire base to the public telephone network or to private radio hardware carried by crews on fire appliances.

The computer stores information of about 50,000 locations which might be the site of fires. Details about these sites can be called up on a screen to permit an operator to find the most suitable crew to deal with an emergency at a specific building.

In the pipeline

PIPELINE Induction Heat of High Wycombe, England, is to develop new kinds of coatings for oil pipelines under contract to Texas Eastern North Sea, the UK subsidiary of a Houston-based oil company.

هكذا من الأصل

Gousseland overcomes dire prediction for Amax

BY GEORGE MILLING-STANLEY

MR IAN MACGREGOR, the chairman of the UK National Coal Board, once said he had been mistaken to choose Mr Pierre Gousseland as his successor to the chairmanship of Amax, the U.S. natural resources group. The remark was unfair: Mr Gousseland has proved the perfect apologist for a group which has had more than its fair share of apologising to do since his appointment in 1977.

Amax's position as the western world's biggest producer of molybdenum, the space-age metal used to harden alloys of steel, may be unique, but the group's problems are symptomatic of what has gone wrong with the mining industry in North America.

It is these problems which have caused several commentators to begin carving tombstones bearing names like Amax, Phelps Dodge, Asarco and Inco for some sort of corporate graveyard.

Mr MacGregor is credited with presiding over Amax's huge expansion of molybdenum capacity. He also began the group's diversification into coal and aluminium.

"My contribution," says Mr Gousseland ruefully, "has been to keep the group going through all the difficulties of the past few years."

Many of these difficulties can be traced to the rapid pace of expansion during the 1970s, when capital spending, left Amax with a debt burden of over $1.5bn.

This, according to a senior executive, was in line with Mr MacGregor's thesis that the right way to finance expansion in times of high inflation is to borrow to the hilt, and repay the borrowings later in depreciated dollars.

The policy saddled Amax with annual interest charges of over $200m and repayments of principal of a similar order of magnitude, both of which proved difficult to find in the three years 1982 to 1984, over which Amax recorded net losses of over $1bn.

"Squeezing those sort of payments out of a company in our position was a wonderful achievement," says Mr Gousseland, but he concedes that progress on reducing the debt mountain has not been as fast as he would have liked. Amax's borrowings have amounted at the peak to more than $1.8bn, and even after last year's repayments of $261m, long-term debt still stands at $1.4bn.

Over the same three-year period, Amax's balance sheet has had to absorb the shock of write-downs well over $1bn, against the end-1981 figure for total assets of $5.4bn. Mr Gousseland regards the present level of debt as unacceptable for a company the size of Amax.

He suggests that an acceptable level of debt would be somewhere between $900m and $1bn, provided that the company's asset base does not have to be reduced by fresh write-downs.

Apart from presiding over the reduction in the overall size of the group, three years of net losses and the consequent reductions in shareholder dividends, Mr Gousseland has cut the workforce by more than one-third, to under 13,000.

More than that, however, Mr Gousseland has presided over a change of atmosphere at Amax, which has seen the group move right away from the expansionist mood of the 1970s to a situation in which it is regarded as a major achievement when a matter of a few cents is shaved off the cost of producing a pound of metal.

"For some years, our only instruction to mine managers was to produce more," Mr Gousseland says. Yet he recognises that those days are gone, probably forever, to be replaced by an era in which operating costs are the key factor.

Mr Pierre Gousseland: kept "the group going"

"The lesson we have learnt from the past few years is that it is vital for any mining venture to be in the upper 25 per cent as far as profitability is concerned, which means in the lower quartile in cost terms."

Also indicative of the new mood at Amax is Mr Gousseland's opinion of the various takeover approaches from Standard Oil of California (Socal) especially the last proposal of a $78.50 share exchange made in March 1981, which was withdrawn after it failed to win the support of the Amax board.

"You look at that offer now and think wow! Wouldn't it have been a good idea to accept," he says. At the time, however, the mining industry was booming and the board thought Amax was worth more like $100 a share.

As it turned out, the industry's clock was then standing at five minutes to midnight. Shortly after Amax rebuffed what proved to be the last approach from "big oil," the worldwide recession hit demand for metals for six, and prices slumped to 50-year lows. The subsequent sharp rise in the dollar ensured that they stayed there.

Amax's stock, valued in the market at around $40 at the time of Socal's offer, is currently trading at around $18.

Although Mr Gousseland realises he would have to accept such an offer today, he is unrepentant about his decision to fend off a predator which was intially encouraged to take an interest in Amax by his predecessor, Mr MacGregor, whose ultimate aim was to sell out to the oil group.

As justification for the decision, Mr Gousseland cites the example of mining companies unable to escape the clutch of the oil groups. In most cases, the buyers quickly became disillusioned with the performance of their new purchases: the result was widespread mine closures and job losses, often accompanied by wholesale write-offs of the mining assets.

"If Socal had won control, Amax simply would not exist today. The company would have been closed down and completely written off by now."

Mr Gousseland, a burly, genial Frenchman, is rarely rattled. The closest he seems to anger is when he complains that the oil industry invested some $14bn in hard rock minerals between 1979 and 1981, and ruined the economics of that industry in the process, virtually guaranteeing excess capacity in many metals.

Amax's ambitions have grown smaller over the past few years, and the purchase in September 1983 of the Howmet aluminium interests of France's Pechiney group for around $240m was the group's most ambitious deal for some years.

The deal fits in with a new philosophy which Amax's senior executives have been expounding recently of moving the company downstream in the production chain, in order to benefit from the upturn in economic activity sooner than would be possible if Amax's activities were confined to the extraction of raw materials.

For the present, though, Amax will remain principally a mining company. Mr Gousseland says that the mining industry in the U.S. is sick, but not dying. He prefers to believe that the efforts U.S. companies have made in reducing operating costs will pay off soon, perhaps with the assistance of "a little correction on the monetary front."

The reference to the strength of the dollar is heartfelt. During 1984, things seemed to be going a little better for Amax, and net profits were recorded for each of the first three quarters as the austerity programme of the past couple of years began to bear fruit in the form of reduced operating costs.

However, the strong dollar was beginning to have the twin effects of depriving U.S. companies of their traditional export markets, while at the same time sucking in imports of the same commodities.

Several of Amax's products, especially agricultural chemicals, were hit by this, and large write-offs in the fourth quarter, mostly on this sector of the business, wiped out the profits of the first nine months, leaving the group with a full-year net loss of $238m.

Mr Gousseland is confident Amax wil return to profits this year, even if present conditions continue.

"After three years of losses, we have no choice, we have to perform," he says, and there is clearly more chance of this forecast coming true in 1985 than there was when he made it last year.

Analysts are kind to Amax, given the group's record over the past few years, and most rate the share a "buy." No one seems inclined to contradict the forecast of a return to profitability this year.

As for the future, Mr Gousseland says Amax has no need to invest in big mines as it did in the 1970s — "nor do we have the means." The thrust of what is left of the group's exploration programme, cut by almost half from the 1983 level of $35m, is for precious metals, principally gold.

Mr Gousseland's explanation of the thinking behind the shift in emphasis away from base metals is simple: "It is hard to say we are lacking capacity in the other metals."

The aim, as he sees it, is to find small, rich deposits which can be developed quickly, easily and cheaply, and Amax's newest project fits these criteria. The Sleeper gold mine in north-western Nevada should be in production by May next year, and Mr Gousseland expects it to be among the lowest-cost producers in the world.

Other small gold mines will follow, with a project in New Zealand probably the next to be announced. Plans are also well advanced in Canada, Australia and Tasmania.

These proposed developments are evidence of the way in which Mr Gousseland has changed attitudes at Amax. The group has put the megaprojects of the 1970s firmly behind it, and is learning to tailor its ambitions to suit its means.

The tragedy is that it took the last three disastrous years for Amax to realise that this is the only way to cope with the 1980s. The most serious charge facing Mr Gousseland, and the heads of several other North American mining companies, is one against which there can be no defence: they were desperately slow in coming to terms with the realities of the new decade.

Foreign reserves rise by $497m

By Anatole Kaletsky

BRITAIN'S foreign exchange and gold reserves rose by $497m to $14.03bn in April. This was the largest monthly increase for over four years.

It suggested that the Bank of England has continued to take advantage of the recent strength of sterling to recoup some of the foreign exchange spent in defending the currency earlier this year.

The underlying reserves – after deducting the effects of borrowings and repayments by public corporations and revaluations in the Government's holdings of gold and European monetary co-operation fund swaps – increased by $191m in April.

This compares with a rise of $259m in March, after a period of significant falls in the underlying reserves as the Bank of England was forced to intervene in the exchange markets to prop up sterling.

Although the Treasury warned yesterday that movements in the underlying reserve figures should not be taken as an indication of foreign exchange intervention during the month, market operators have been reporting regular purchases of dollars by the Bank of England since the sharp fall in sterling was reversed in February.

● The rate of new issues on UK stockmarkets was a record £1.099bn last month, surpassing the previous record of £844m set in March.

The Bank of England reported yesterday that rights issues in April amounted to £969m and other new issues came to £130m.

Net new issues, after £76m of capital redemptions came to £1.023bn, and listed UK public companies accounted for £989m of this figure.

Among the capital raising exercises which contributed to last month's records were large rights issues by Trafalgar House, United Biscuits, Fisons, Tesco, Bank of Scotland and Saatchi & Saatchi.

Walker presents alternative political strategy

BY PETER RIDDELL, POLITICAL EDITOR

MR PETER WALKER, the Energy Secretary, last night presented an alternative political programme which highlights his differences with the priorities and strategy of Mrs Margaret Thatcher, the Prime Minister, and her Cabinet allies.

Mr Walker was careful to avoid any specific criticism which could be constrained as disloyalty and which could undermine his Cabinet position. But his tone and emphasis were markedly different from those of, for example, Mr Nigel Lawson, the Chancellor of the Exchequer and Mr Norman Tebbit, the Trade and Industry Secretary.

In particular, Mr Walker said he did not share the "common belief that it is the service sector which is the area of great growth and that manufacturing will continue in decline."

He stated that "a substantial reduction in unemployment can and must be achieved." This contrasts with the detachment of the Treasury, which admits of no government responsibility for the level of unemployment.

Mr Walker also urged the need "to tackle the exchange rate chaos" and argued that the unfettered market economy was only a partial view of freedom.

The Cabinet met earlier yesterday to reach outline decisions on the reshaping of supplementary benefit and child benefit during a discussion of proposals from Mr Norman Fowler, the Social Services Secretary, for a far-reaching review of the social security system.

Discussion of changes in housing benefit was apparently not completed. The most complicated and potentially most controversial issue – the future of the state-earnings related pension scheme – was not reached.

Ministers hope that decisions will be completed at next Thursday's Cabinet meeting in time for publication later this month of a discussion paper on the main options and the Government's broad preferences. Legislation is intended in the next parliamentary session.

Mr Peter Walker

● Elections were held yesterday to the 47 English and Welsh county councils – the top tier of local government outside the big cities.

The elections to these councils were the first since 1981, when the Labour Party made sweeping gains.

Labour was seeking to hold these gains and to show that its recent recovery in the opinion polls – which now give it a lead over the Tories – could be reflected in votes.

The Conservatives were seeking to recover the seats lost in 1981. Its share of the vote then was 40 per cent, compared with Labour's 35 per cent and the Liberal Party's 18 per cent (the Conservatives traditionally have strong support in the counties.)

About half of the electorate was eligible to vote yesterday, but it was expected that the turnout would be only about a third of this, or 8m to 9m people.

BL to re-enter U.S. car market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AUSTIN ROVER, the cars subsidiary of state-owned BL, has linked with Norman Braman, a Florida car dealer, and owner of the Philadelphia Eagles football team, to tackle its re-entry to the U.S. market, according to the Detroit-based Automotive News.

The British company is moving back into the U.S. with the XX, the executive car jointly developed with Honda of Japan. It should go on sale there in 1987.

The Automotive News story will embarrass Austin Rover, which is to announce its plans in New York next Wednesday having postponed the announcement for more than a month.

Austin Rover's U.S. distributor has approached some dealers to see if they would be interested in the franchise, and details were leaked to Automotive News, which has close contacts with the U.S. dealer community.

The magazine also revealed that Austin Rover has hired Mr Raymond Ketchledge, 42, to be president of its own U.S. company. He has been 18 years with VW of America, latterly as director of product planning. Automotive News also suggests that Austin Rover has decided not to use the Rover name for the XX in the U.S., where instead it will call it the Vitesse.

The Honda version of XX will be unveiled at the Tokyo Motor Show in the autumn and eventually will be sold in competition with Austin Rover's model in the U.S. Austin Rover is expected to launch its XX as a replacement for the Rover SD 1 saloon early next year.

Exchange to modify reform proposals

By John Moore, City Correspondent

THE STOCK Exchange is to abandon one part of its controversial proposals for major structural changes in the market, in order to gain the support of the 4,500 members on key reforms.

A proposal which would have restricted individual shares in the stock exchange itself to a top limit of £2,000 is to be dropped.

The proposals formed part of a plan to permit outside financial groups, such as banks, to take full control of stockbrokers and stockjobbers. A meeting is to take place on June 4 of the 4,500 members to vote on a package of constitutional changes which will allow outsiders into the stock exchange.

Many small brokers are angry that outsiders could gain entry to the stock exchange's assets at too low a price. The exchange devised a compromise solution to compensate existing members for admission of outsiders.

A market is to be created in the shares of the stock exchange itself. Each member would hold five shares. Under a proposed formula, which has now been abandoned, the market value of the shares would have been limited to £2,000 each. Small brokers regarded this proposal as unfair.

But in an effort to win over the membership the stock exchange has dropped the plan and there will be a free market in the shares, which will find their own value. The large security firms will have to hold a minimum of 50 shares in the stock exchange.

Already, there has been speculation in the market that the price of individual shares could soar as a result of the stock exchange's move. But the stock exchange will still retain the right to issue shares in the future.

Sir Nicholas Goodison has been holding a series of meetings of London firms this week at which he has been attempting to gain the support of the membership for the changes.

Earlier this week he indicated that the rules under which dispensations would be granted allowing small brokers to hold fewer than 50 shares would be eased.

Toyota Spacecruiser imports halted by transport ministry

BY JOHN GRIFFITHS

THE DEPARTMENT of Transport has ordered Toyota's seven-seater Spacecruiser "people carrier" to be resubmitted for UK vehicle type approval, after allegations over its safety under braking.

In the meantime, the department is withholding approval certificates without which no further Spacecruisers may be imported.

The action follows complaints from the Consumers' Association that the vehicle's brakes were potentially dangerous and criticism by a motoring magazine of some aspects of its road-holding and handling.

Toyota (GB), the Inchcape Group-owned importer of Toyotas to the UK, has already announced a recall of the 2,200 Spacecruisers already in use for what it describes as "a minor modification" to the braking system.

All Spacecruisers manufactured by Toyota since February 20 have had their braking systems modified in the same way, Toyota (GB) said yesterday, and all unsold stock in the UK of new Spacecruisers produced before February 20 would have the modification made before they are passed on to retail buyers.

A spokesman said it was hoped to have renewed approval for the vehicle to be imported "within the next few days."

At the time it announced the recall, Toyota (GB) said no similar action was being taken in any country outside the UK. The Consumers' Association said yesterday: "We are advising consumers' associations overseas of our findings, and the Department of Transport response to them, through the consumer safety 'Interpol'."

The association's report on the vehicle claimed that under heavy braking "the front of the vehicle nose-dived, the back wheels locked and sometimes left the ground. Braking from 30mph the vehicles could slow unpredictably; from 60mph they were very unstable and could end up broadside on to the original direction of travel."

It claimed that since publishing the report it had received about 20 letters from users complaining of similar problems. Toyota, however, says it has received no complaints.

The association said that it will conduct a fresh set of tests on the modified vehicle. "Whether the problem is one that can be solved by a minor modification or whether, as some experts have suggested, it is inherent in the Spacecruiser's basic design and configuration, remains to be seen."

Sharp rise recorded in merger activity

A SHARP RISE in the number of corporate mergers in 1984 is disclosed by the Office of Fair Trading (OFT), which is responsible for scrutinising all large mergers in the UK.

There were 259 mergers examined by the OFT last year compared with 192 in 1983. This was in spite of a change during the year in the rules determining which mergers should come under OFT scrutiny.

From last July, the OFT only considered mergers where the assets in the company to be acquired were above £30m. Previously, the threshold level had been £15m.

The OFT has recalculated the number of mergers since 1980 under the new £30m threshold. This shows that merger activity last year grew by an even faster rate than under the old financial limits.

In 1984 there were 223 merger proposals where the assets involved in the acquired company were more than £30m, compared with 129 in 1983. This represented a rise of 73 per cent.

The total value of the assets acquired last year was £80bn, compared with £45.5bn in 1983.

According to the OFT's analysis, there was a sharp rise in merger activity involving companies with assets of between £500m and £1bn. There were 14 such merger proposals in 1984 compared with only two the previous year. The average size of company taken over also rose significantly from £2.5bn in 1983 to £3.8bn in 1984.

The distribution sector saw the highest number of merger proposals last year with 31 being scrutinised.

□ PROSPECT of an economic accord between the union movement and the future Labour Government would become reality only if the unions were prepared to compromise, Mr Roy Hattersley, deputy leader of the Labour Party said.

Addressing the conference of the Civil Service Union, he said, that progress "will only come about with an end to confrontation and with a new era of conciliation, consultation and, where necessary, compromise."

□ BROOKE MARINE, the small shipbuilding yard in Suffolk, on the east coast of England is to be sold to members of its management by state-owned British Shipbuilders for a price consisting of £100,000 in cash plus 1 per cent of certain contracts won in coming years.

The unusual nature of the deal reflects both the low level of the current order book and the yard's hopes of obtaining export contracts for its small naval vessels.

The yard was the first to be formally put up for sale through Lazards merchant bank under the Government's policy of selling back warship yards to the private sector. It employs around 600 people and made a trading loss of £1.6m in the financial year to March 31, 1984.

Barratt cuts timber-frame construction

By Joan Gray

BRITAIN'S biggest housebuilder, Barratt, is to stop building timber-frame houses in all but the north-east of Scotland.

The decision has been taken as a result of continuing consumer resistance to houses built by this method, largely stemming from criticism in a controversial television programme last year.

Mr Robert James, Barratt's finance director, explained the decision had been taken even though "we think timber-frame is a better product because of the higher standards of insulation it can achieve. But we are discontinuing it except in the north-east of Scotland – the area round Aberdeen, where it has been the traditional method of building for 25 years – because you have to respond to consumer demand."

At its peak, timber-frame construction accounted for 48 per cent of all houses built by Barratt. The figure has now slumped to 15 per cent and will fall to 7 per cent.

In England, the company will return to the more traditional building method, using bricks and blocks and cavity walls.

Budget fears prompted pensions sales boom

BY ERIC SHORT

PRE-BUDGET fears that the Chancellor of the Exchequer, would alter the tax structure of pension schemes resulted in a huge sales boom of pension contracts taken out by self-employed ahead of the budget.

Figures issued yesterday by the three life associations – The Life Offices Association, the Associated Scottish Life Offices and the Industrial Life Offices Association, showed that personal pension sales during the first quarter were four times those of the first quarter of last year in respect of annual premium contracts – £220m against £53m – and double for single premium policies – £219m against £109m.

Both traditional and unit-linked sectors participated in this buoyant market. Annual premiums on traditional contracts almost quadrupled from £31m to £121m, while single premiums almost doubled from £81m to £158m. Sales of linked contracts did even better, annual premiums rising 4½ times from £22m to £99m and single premiums more than doubled from £28m to £61m.

Very few life companies have yet indicated their individual sales position for the first quarter, but Norwich Union, which yesterday issued its 1984 report and accounts, reported self-employed annual premiums in the first quarter of this year at £13.5m. This was eight times higher than the figure for the same period last year. Single premiums of £7.5m were three times higher. Overall, Norwich sold more self-employed pensions business in the first quarter than for the whole of 1984.

These buoyant pensions sales by life companies more than offset a decline in individual life business during the quarter. Sales figures for the first quarter of last year were increased by a rush for life policies after a notorious budget leak that the Chancellor of the Exchequer was ending tax relief on life contracts.

New life annual premiums fell in the first quarter of this year by nearly 40 per cent from the same period last year – from £405m to £252m. Traditional ordinary life business was the hardest hit with premiums falling by 44 per cent from £230m to £128m, while linked life business saw annual premiums drop by nearly 40 per cent from £111m to £68m.

Trafalgar House consortium in 'large' onshore gas find

BY DOMINIC LAWSON

A FIVE-COMPANY consortium led by Taylor Woodrow has made a big gas discovery at Kirby Misperton, North Yorkshire.

Trafalgar House, with a 49 per cent stake, has the largest share of the discovery. It said yesterday that "significant gas shows have been encountered and initial flow rates from the first drill-stem test are very encouraging."

It is believed that the gas initially flowed at a rate of about 15m cubic feet (cu ft) a day. This would be good for an offshore North Sea gas discovery, but is outstanding for an onshore find.

The well was one of the deepest drilled onshore in the UK; it has taken two months to date. The structure being probed is large by onshore standards, and could contain at least 25bn cu ft.

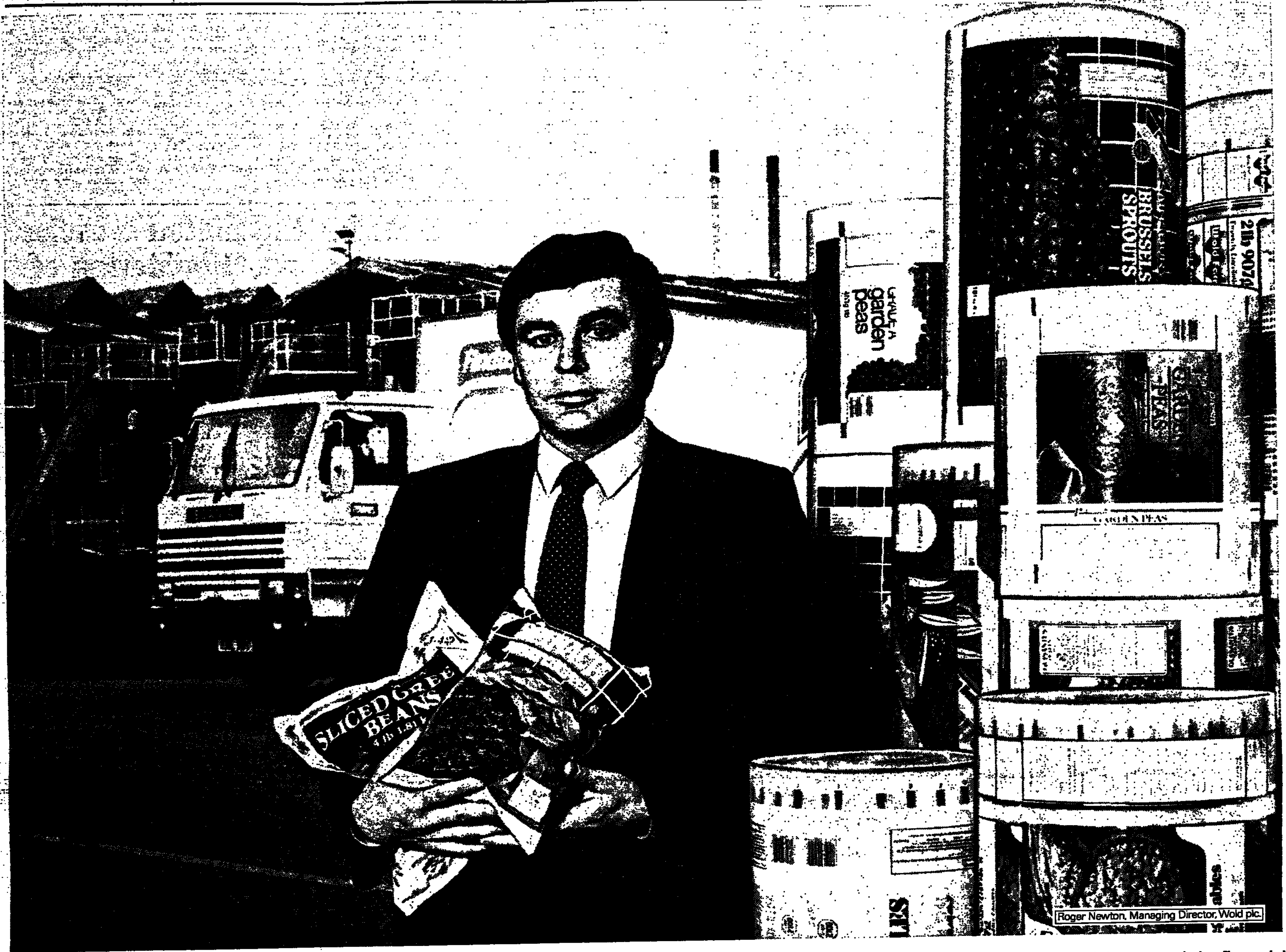
Trafalgar House said yesterday that if confirmed, new discoveries in the area could be developed in conjunction with earlier discoveries in shallower reservoirs nearby.

Apart from Taylor Woodrow and Trafalgar House, the other members of the consortium are Rio Tinto-Zinc, Elf and James Finlay. The same group of companies last week found gas at Kirk Smeaton also in Yorkshire, but that find is thought to be uncommercial.

The Government has turned down pleas by environmental groups to hold a public enquiry into British Petroleum's plans to drill up to four wells on Furzey Island in Poole harbour.

The wells are the first stage in a plan by BP to boost production in Dorset's Wytch Farm oilfield from 6,000 barrels a day (b/d) to 60,000 b/d. Wytch Farm is Europe's largest onshore oilfield, containing at least 250m barrels, but it is situated in an area of great environmental sensitivity.

THE ENTREPRENEUR



Roger Newton, Managing Director, Wold plc.

In December 1983, a syndicate of institutions led by Citicorp Venture Capital invested £3 million in Wold plc, a UK frozen vegetable processor. That was just three years after the industry had suffered a painful rationalisation, as massive expansion of production capacity outstripped market growth.

The company was originally formed as a farmers co-operative in 1966 and developed through vertical integration into a vegetable processing and freezing concern. In 1980, as a result of industry and company problems Roger Newton was appointed Managing Director.

Newton says, "We survived because we specialised in own label – as no one else did – and took the view that our strongest marketing aid was to have the best of production facilities and total control of agricultural supplies."

Using its own machinery, the company now drills, cultivates and harvests the majority of the raw vegetables it freezes.

By 1983, the company was not only back in profit, but poised for further expansion and seeking fresh risk capital. "As the British banking system is somewhat conservative," says Newton, "the logical place to look was the venture capitalists, of which Citicorp Venture Capital was probably the most successful."

Newton used the money raised by the Citicorp-led syndicate to increase sales flexibility, finance well-controlled buying and stocking policies, and for further technological innovation. Already a pioneer in computerised packing machinery, Wold now installed optronic processing control equipment, the first of its kind in Europe.

"Today the fresh frozen market is growing, and that growth is in own label," says Newton. Wold is growing with it and also by acquisition. In 1984 Wold acquired a national frozen distribution capability by purchasing a Smithfield wholesaler.

Now firmly in control of its own destinies – from the harrow, through the micro-chip, to the frozen food cabinet – Wold is prospering, and Citicorp Venture Capital continues to provide commercial and financial assistance.

Are you an entrepreneur? Here are some things you should know about Citicorp Venture Capital (CVC).

* Since starting up in the UK three years ago, we have invested in over 30 companies which now have a total annual turnover of over £350 million.

* We undertake three main types of venture capital financing:
"Replacement Capital" to buy-out existing shareholders and substitute a new capital structure. This includes management buy-outs; acquisitions and mergers; and making a public company private.
"Expansion Capital" to finance growing companies at an early, or accelerating period in their development.
"Start-up Capital." CVC particularly favours situations where an established, well balanced management team is in place from day one, and can demonstrate a successful track record in relevant areas, especially technology.

* We are planning to invest over £100 million in venture capital in Europe in the coming years.

* We look only for a minority equity holding, because we believe that the operating management should be motivated by substantial equity ownership.

* We are more interested in the future cash flow potential of a company than in "security." Our aim is to invest in companies which will become successful.

* Unlike more traditional sources of finance, we are attracted to a business by the management's abilities and its market potential, not purely by financial considerations.

* We are prepared to take a long term view of investments, and will help determine the exit route most suited to the requirements of the company: the USM, the sale-on of the company, a repeat buy-out of our equity by the management, or a full Stock Exchange listing.

* CVC's professional staff come from general management, technology, and manufacturing, as well as financial backgrounds. They are therefore able to understand the entrepreneur's business and investment needs, and can contribute continuing assistance and expert advice on the company's development.

* We have access to the international network of Citicorp, one of the world's largest financial institutions, with European venture capital offices in Paris, Frankfurt, Milan and London.

* For particularly large investments, we can assemble and lead a syndicate of investors.

If you need £250,000, or many millions of pounds, bring us your proposition. Contact Eric Cater, Charles Gonszor, Mike Smith, Frank Neale, Liz Hewitt, Brian Havill, Sandy Smart or Lorig Maranjian. We will give a quick response to your investment proposal.

Or, if you simply would like a copy of our brochure containing more information, just ask Citicorp Venture Capital, 335 Strand, London WC2R 1LS. Telephone 01-438 1593.

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GLOBAL INVESTMENT BANKING

Jobless total increases by nearly 5,000 to 3.27m

BY ROBIN PAULEY

UNEMPLOYMENT jumped to a record level in Britain in April causing puzzlement and dismay among Government ministers and officials. The City of London was surprised, but unruffled.

The headline total including school-leavers rose by 4,973 to 3.273m according to Employment Department Figures released yesterday. But most worrying for the Government was the seasonally adjusted figure for unemployed adults excluding school-leavers. This increased by 29,200 in April, the largest monthly rise for two years, taking the adjusted total to 3.177m, or 13.1 per cent of the workforce.

Mr Tom King, Employment Secretary, said the April figures appeared to be erratic and should not be seen as a change in the underlying trend. But all the opposition parties were quick to condemn the Government's employment policies in the light of unexpectedly bad figures.

Mr John Prescott, opposition employment spokesman, said the figures did not include the 200,000 Easter school-leavers who were no longer allowed to register as unemployed. "It is the sixth anniversary of the Tory Government's election. What a present for the nation," he said.

The underlying movement of the unemployment figures had been persistently upwards, but in the last year the rise has been at an average monthly rate of between 10,000 and 15,000.

The March figures showed an adjusted rise of only 2,600, encouraging official optimism that, helped by the end of the bad winter weather, the underlying trend might be close to turning point. But April's figures are much worse than the rises of 17,500 and 20,000 in January and February respectively.

The most puzzling aspect of the figures is that they so starkly contradict other economic indicators, particularly the very buoyant picture which emerged from the most recent Confederation of British Industry (CBI) quarterly industrial trends survey. This showed output and orders well up and gave the first signal since 1979 that the long decline in manufacturing industry employment may be over.

In addition, yesterday's figures show a further rise in the number of job vacancies notified to Jobcentres. The seasonally adjusted total of vacancies in April was 167,000, which is 8,000 up on March. As only about a third of vacancies are notified to Jobcentres, there may be as many as 500,000 jobs vacant at the moment.

Mr King suggested that the Government's measures to alleviate unemployment announced in this year's budget had not had time to be reflected in the unemployment statistics. And he again referred to the problem of the demographic changes which mean the workforce continues to grow.

"More than 340,000 new jobs were created last year. However, with the increase in the working population all these improvements have not yet been enough to reduce unemployment and to provide for the many new people now looking for a job."

Mr David Steel, the Liberal leader, said the country was "fed up" of hearing that the recovery was about to arrive. "These figures show yet again that it is not. It is high time this Government tackled the tragedy of unemployment." Mr Ian Wrigglesworth, Social Democratic Party employment spokesman, said the figures gave the lie to ministerial boasts that the economy had turned the corner. "This has been a cruel mirage for the jobless. We are now entering the seventh lean year of this Government and without new policies there will be no fat years."

Initiative to revive satellite TV launched

BY RAYMOND SNODDY

THE GOVERNMENT has launched an initiative to try to revive Britain's stalled multi-million direct broadcasting by satellite (DBS) project.

Sir Jeffrey Sterling, chairman of P & O and special adviser to the Department of Trade and Industry, has been asked to intervene again to try to breath some life into the project.

Sir Jeffrey chaired the meetings more than a year ago which led to the formation of the DBS consortium. The consortium – made up of the BBC, the 15 independent television (ITV) companies and five non-broadcasting organisation led by Thorn EMI – is intended to operate three new channels of television programmes from space.

Sir Jeffrey has recently had talks with Mr Stuart Young, chairman of the BBC, and with Mr Andrew Quinn, co-ordinator of the DBS consortium and managing director of Granada Cable and Satellite. There have also been talks between ministers and Mr Young and Lord Thomson, chairman of the Satellite Broadcasting Board.

The consortium has, however, been surprised to find that Sir Jeffrey's main purpose seems to have been to persuade the DBS consortium to reopen talks with United Satellites (Unisat). This is the British Aerospace, GEC Marconi and British Telecom which is the Government's preferred supplier for the DBS satellite.

The members of the consortium have already rejected Unisat on the grounds that its prices are too high to give the project any chance of commercial viability and compare badly with international competition.

In December, the consortium asked Mr Leon Brittan, the Home Secretary, for permission to seek competitive international tenders for the satellites to operate the project, which could cost as much as £500m. The consortium also sought an extension of the franchise from 10 to 15 years. No formal reply to the request has been received.

The Government, apart from trying to encourage the consortium to reopen talks with Unisat, is resisting any extension to the life of the project.

"Unless the Government changes its attitude to the project very quickly, it looks like a dead duck," senior broadcasting executives said yesterday.

Previous negotiations with Unisat, which ended earlier this year, showed that the difference in price between what Unisat was offering and Britsat, a British company offering largely American technology, was more than £130m.

The prices quoted by Unisat for a two-satellite system, with the second satellite launched in the fourth year, was £515m over 10 years.

Lithgow workers vote to strike

BY MARK MEREDITH

A MASS meeting of the Scott Lithgow workforce voted yesterday to go on strike or occupy the Lower Clyde shipyard next week if the owner, Trafalgar House, issues compulsory redundancy notices to reduce the workforce by nearly 600.

Trafalgar House, the property, shipping and construction group, said on Tuesday that the job cuts were needed because the yard had no new orders.

A ballot taken by workers leaving the meeting in Greenock voted by 1,500 to 137 to back their leaders in any call for industrial action. The men then took the rest of the day off in protest against the cuts. The meeting also approved an immediate ban on overtime and holiday working.

Unions claimed that Trafalgar House wanted to reduce the workforce to save money on the £88m contract from Britoil to build a semisubmersible drilling rig. They said the contract had been renegotiated to allow another year for production during which many of the finishing tradesmen would not be needed.

Trafalgar House and Britoil denied that the contract had been renegotiated. The order for the yard was restored to Scott Lithgow last year as part of the takeover by Trafalgar House from British Shipbuilders. Britoil had earlier cancelled the order when it was two years behind schedule.

The rig should have been ready to carry out the coming season's exploration drilling in the tough conditions off the north west coast of Britain. According to the oil company, since the Trafalgar House takeover, work has slipped back by about four months.

The Britoil order is the only one left at Scott Lithgow, which was short of orders before the takeover.

Pilkington criticised over liquidation of subsidiary company

BY CHARLES BATCHELOR

A MOVE by Pilkington Brothers, the glass making group, to put a subsidiary company into liquidation has highlighted a sensitive aspect of insolvency practice at a time when parliament is considering a fundamental revision of insolvency law.

Pilkington's decision to put Glass Reinforced Concrete (GRC), a Cheshire-based manufacturer of glass fibre and cement panels, into voluntary liquidation has prompted protests from a number of creditors and their accountants.

Criticism of Pilkington centred on its decision to nominate a sole liquidator, despite calls from a number of trade creditors that a joint liquidator of their choosing should also be appointed. Disquiet also surrounds the decision by a large company to put a small subsidiary into liquidation as a means of resolving its financial difficulties.

GRC made a pre-tax loss of £3.6m in the year ended March 1983 on turnover of £2.47m, after setting aside £2.3m as an extraordinary item to meet contract claims.

GRC has received six claims amounting to £1.39m for work carried out some years ago. It is also aware of other claims for potentially substantial sums in the order of £10m, the directors' statement of affairs said.

Creditors and their accountants accept that Pilkington was acting within the law in its handling of the decision to put GRC into liquidation. But Pilkington's refusal to take into account the views of trade creditors in naming a liquidator was seen as surprising for a company of its size and standing. Such a move could be used as justification by less scrupulous companies to ignore the views of their creditors.

One participant at GRC's creditors' meeting, held on April 19, said: "Pilkington disenfranchised its creditors. There were creditors there who wanted another liquidator but they did not allow anyone else to have a say."

Pilkington said it had now offered to pay trade creditors owed nearly £450,000 by GRC, although it had no legal obligation to do so.

As sole shareholder in GRC, Pilkington appointed Mr Derek Slade, of accountants Arthur Young, as liquidator. Creditors can reverse a shareholders' nomination if they can outvote the shareholders by both number and value of the outstanding debt at the subsequent creditors' meeting. But in this case, Pilkington was owed just over £6m by GRC and it was able to outvote other creditors at the meeting.

Arthur Young commented: "From our point of view Mr Slade was properly appointed and he will do his best for all creditors. The independence of the liquidator is not at issue. We don't act for Pilkington at all."

The strong position of parent companies in the liquidation of subsidiaries is an issue which worries the Insolvency Practitioners Association, which represents accountants specialising in this field.

Mr Roy Adkins, the association's president, said: "It is dangerous to generalise but in a situation like this I would not have used my vote against the general body of creditors. I cannot defend this, but there is very little that can be done at the moment.

"Creditors do, however, nominate a committee of inspection which can monitor what is done and make sure creditors get a crack of the whip."

Some accountants involved in insolvency work believe intra-group claims should be disenfranchised to give outside creditors a bigger role in appointing a liquidator.

Imported gas cookers cause trade protests

BY MAURICE SAMUELSON

THE GOVERNMENT was yesterday urged to stem the rise in imports of gas cookers by introducing mandatory British safety standards as a condition of sale.

The Society of British Gas Industries, at its annual meeting in London, reported that "unfair trading by foreign manufacturers continues to be a matter of major concern, and the lack of response by the Government, so far, had been disappointing."

The society, which represents about 250 private equipment companies involved in the production, transmission and use of gas, said it was pressing for the introduction of mandatory British safety certificates for imported appliances.

Although the Government seemed to be "moving in this direction," it also appeared to be inhibited by fear of being charged by the EEC with erecting trade barriers.

Imports are represented most strongly in sales of gas hobs – accounting for 150,000 out of an annual demand for 200,000. Of 50,000 gas ovens sold yearly, 10,000 are imported. In the biggest market – free-standing cookers – imports represent 110,000 out of 700,000 a year.

Imports, particularly of hobs, come mainly from France, Spain and Italy. British manufacturers allege that they have lower insulation levels and higher surface temperatures than British products.

The society, commenting on the Government's proposals to privatise the British Gas Corporation, says that as long as the corporation is privatised as a single entity, and not piecemeal, it will make little difference to the industries which rely on it.

It appears more concerned about the long-term availability of gas supplies. Its annual report, drafted before the latest Government Energy Brown Book uprated UK offshore gas reserves, said the Government's veto on imports from Norway's Sleipner field "will continue to cause some anxiety until there is positive evidence that future supplies from alternative sources are assured."

Holiday hotels accused of low safety standards

BY ARTHUR SANDLES

FIRE RISKS in some continental European hotels are so appalling as to be "the result either of profound ignorance of fire hazards or a cynical disregard for the lives of hotel guests," according to the UK Consumers' Association.

The association's magazine looked at a wide sample of mountain hotels in Austria, France, Italy and Switzerland. They were properties heavily used by British tour operators, particularly for school ski parties in winter.

The findings shocked the association. "The majority of hotels present vastly greater fire risks than they should," it said. The report points to locked escape doors, lack of protection against spreading smoke, stairways that led to boiler-rooms and kitchens, dead-end corridors, an absence of fire alarms and a low standard of emergency lighting and extinguishing equipment.

The association found that the position regarding fire was worse than it had been in its survey six years ago. It deliberately chose hotels much used by British schoolchildren. "Any hopes we might have had of finding higher than usual safety standards in these hotels were soon dashed."

The report found worst examples in Auffach and Brand in Austria, Monte Bondone in Italy, and Chateau d'Oex and Leys in Switzerland. However, Chateaux d'Oex also had two hotels, the De l'Ours and the Roc et Neige, which were the best in the survey in terms of fire detection and protection.

THE PROPERTY MARKET BY MICHAEL CASSELL

London & Edinburgh plans next wave of projects

EIGHTEEN action-packed months after its Stock Exchange flotation, London and Edinburgh Trust is poised for the next phase in a property development programme which seems to have flowered while the market around it has wilted.

Given its powerful blend of financing and development expertise, the LET team has become, through an infinite—and often intricate—variety of partnership and in-house deals, one of the most active and imaginative operators on the UK property scene. This week it partly lifted the veil on some of its next big projects.

The LET team hs recently been beefed up with the arrival of people like Stuart McDonald, the £100,000-a-year-plus joint managing director who came from N. M. Rothschild. Other recent recruits include John Newman who ran Robert Fleming's property investment and development portfolio, and Robert Phipps, previously a Slough Estates director.

The group has been instrumental in putting together, and is building out, some of the largest office and "high-tech" developments in the country. It no longer comes as a surprise when its name emerges as the driving force behind yet another multi-million pound scheme.

LET's emergence as one of the property sector's sexiest stocks, with its shares now running at an all-time high, is partially a reflection of the otherwise fairly drab development scene as well as a scarcity of aggressive players in the field. But the group also has positive merits to justify its present standing.

By the end of 1984, the group's own investment portfolio was valued at £23.2m compared to £3.5m three years earlier. In the last 12 months alone, LET's efforts have raised the end-value of its overall development programme from £400m to £600m, a figure which, when he sits down and tots it all up, surprises even John Beckwith, the 38-year-old chairman.

Not that Beckwith or his colleagues seem to do much sitting down. More accurately, they reckon to have spent too much time running up and down the stairs of their elegant, period headquarters in Knightsbridge. In a neat example of employing hard-won property expertise on the doorstep, they have raised a tidy £3.8m by selling the freehold and are moving somewhere more practical.

But suggestions that the time might be right for one of the sector's front-runners to take a breather got short shrift this week in the shape of a £13.9m rights issue.

The issue of convertible preference shares—designed to limit dilution and fend off the type of "paper chase" accusations recently levelled at Stockley—is planned to give LET a sound capital base for the next generation of developments.

From now on, however, LET wants a bigger share of the action. For although the group has minimised development and financial risks by establishing partnerships to tackle major projects, the joint venture-syndicated investment formula has also limited LET's share of the profits. In 1984, turnover of group and related companies—embracing sales and valuation increases—reached £33m. Pre-tax profits rose by an impressive 53 per cent to top £5m but LET is far from content.

The new cash will help fund more projects and give the group a larger equity stake when it wants one. The funds will also go towards reducing debt. Off-balance sheet partnership deals done since the end of 1984 mean guarantees given against borrowings have risen from £2.5m to over £13.5m in that period. Shareholders' funds stand at £20m.

According to Beckwith: "We do not intend to change our approach to development and will still 'containerise' each package to limit risk. But we do intend to seek a bigger share of the profits and a disproportionately large share of the equity. We want better profits from the same volume of development work."

In recent months, LET has announced a string of major office development plans, from a 250,000 sq ft development on the site of the former BP headquarters in the City of London to a 156,000 sq ft project in the heart of Paris. Other prime schemes are planned for UK centres like Reading and Basingstoke. In Bracknell, its 105,000 sq ft Waterside Park development could set a new £10 a sq ft rental level for business campus developments. A single tenant is expressing interest in the entire scheme.

Beckwith re-emphasises the group's commitment to the City of London office market, high-technology facilities and business parks in the Home Counties and around the M25 motorway, as well as to retail. Few type of property development require greater "up-front" resources than those undertaken in the City, where land goes at premium prices, or on business parks, where large sites are involved.

Beckwith emphasises: "In many cases, we are not talking about conventional funding situations. You often need a big cash commitment before the scheme rolls. If we can inject funds early on, we can hold on to a bigger share of the profit."

The chairman makes it clear that more big schemes are just around the corner and, by way of temptation, provides a few hints as to what comes next. LET, for example, has just picked up 14.5 acres of land owned by Hestair-Dennis along the Guildford by-pass. The £10.5m deal paves the way for a high-tech or retail warehousing complex in a highly-attractive location. LET had to move fast to win the site and put cash on the table.

The group is also understood to be assembling a major site—the exact location remains a secret—for a 60-acre business park in the south-east. Around 20 acres have been purchased so far. In the City, the group redeveloped Billingsgate Market (where a re-letting and sale deal is close) and it has, with Balfour Beatty, just started work on rebuilding the former BP headquarters in Ropemaker Street. LET says it has 34 tenants inquiring after floorspace in the scheme which is not due for completion until May 1987.

Already, another major, prime City project is being put together. The group's view is that, although work at Ropemake St is only just starting, the project has been "financed out," leaving the way clear for an impatient LET to get on with something else.

There could also be plenty waiting for it is the U.S., where LET has set up a subsidiary in San Francisco. It will start an office scheme there later in the year. The group is taking a hard look at several other major centres like Boston, Washington and New York.

LET's style could prove effective in America, although Beckwith is not overawed by the reputation of U.S. developers: "We are repeatedly told how quickly they build things but its just not true. The difference is they tie everything up and the first anyone knows is when work starts. Here, the preliminaries can be dragged out endlessly and it seems to take forever to put something together. People expect something quicker from us."

Battle of Tower Hill hots up

THE BATTLE to develop one of the City of London's largest remaining development sites has been stepped up.

Competing proposals put forward by Freebody Properties, the recently-formed development ar mof Debenhams, and Guinness Peat Property for major office schemes on the Minories car park site, close to Tower Hill, were yesterday given outline planing approval by the City Corporation.

Freebody, which has joined forces with developer Michael Sarch, have wone outline consent to develop nearly 180,000 sq ft of offices on the land and to incorporate within the scheme a terminal for the Docklands light railway.

Guinness ePat has also gained outline approval to develop a similar-sized office scheme, together with about 8,00 sq ft of retail space. The developer says it has already reached an agreement with the Docklands Decelopment Corporation over the siting of the railway terminal.

The Greater London Council has raised no objections to either scheme, although it has not yet reacted to two other sets of plans shbmitted by Jafton Properties. These have not yet gone before the City Corporation.

The City has offered the lnencumbered freehold of the Minories site to interested developers and several bids have been made. The offer will be evaluated in the light of the planning consents given but no decision on a sale is expected yet.

Arab bank buys Packard building

INVESTCORP, the Arab-owned investment bank which was formed in 1982 and has since bene building up an international property investment portfolio, has bought the 27-storey Packard Building, one of Philadelphia's best-known office landmarks.

The 340,000 sq ft reversionary building, a block south from City Hall, was purchased, through Richard Ellis, from Whitney Associates Partnership. The deal, together with a planned refurbishment programme, represents an investment of about $27m. First Pennsylvania Bank is among the tenants and rents stand at around £13-13 a sq ft against $25-30 for the best local space.

Investcorp, which is 1983 purchased for $50m a half-share in a 400,000 sq ft, Los Angeles office building, wants to acquire other properties or join with partners to develop new investments in the United States, as well as in London and Paris.

The U.S. deal comes at a time when most office investment markets remain strong, despite the record, national level of vacancies and the continuing high levels of new construction. A report just published by The Office Network, one of the biggest U.S. real estate organisations, says that while 5 per cent or 6 per cent was once an acceptable vacancy level for the office market, the base has now risen to 10 per cent. The national average now stands at over 16 per cent.

The first, six-monthly U.S. office survey from Colliers International, an association of independent real estate firms operating in 40 American office markets, says high vacancy levels are unlikely to dampen down new construction work and are not expected to fall for at least two years.

● **Sun Alliance has bought the freehold of 16 acres of land at Kings Langley, Hertfordshire, and is to invest £25m to develop nearly 300,000 sq ft of high-tech accommodation. The land is thought to have cost around £5m and was bought from Dickinson Robinson. Sun is also to develop a £14m office building in Allington Street, Victoria. Work on the 50,000 sq ft scheme will start in June.**

UK NEWS

Raymond Hughes reviews the battle for the Clore fortune

The wasted exile of Sir Charles

"ABLE; RESTLESS; cerebral without being intellectual or cultured; dutiful in religion but not spiritual; sometimes on the edge of loneliness or boredom: the impression . . . is of a final period of unhappiness and doubts."

That was the portrait sketched by a High Court judge last October of Sir Charles Clore, pioneer of the company takeover and founder of the Sears Holdings retail empire, in his last years.

In his determination to prevent the Inland Revenue levying tax on his multi-million pound assets, Sir Charles, who enjoyed the lifestyle of an English country gentleman and had been a familiar figure on the London social scene, had gone into sad, self-imposed exile from England. All, as it turned out, to no avail. This week, nearly six years after Sir Charles's death in July 1979, it was announced that agreement had been reached for the Revenue to have £67m from his £123m fortune.

In 1977, oppressed by the facts that the top rate of tax on unearned income was 98p in the pound, and that he could not sell securities without incurring substantial capital gains tax charges, he went into tax exile.

In the year before his death he bought and furnished a luxurious flat in Monaco. The greater part of his English assets were transferred to a company he had formed, Stype Investments (Jersey), the shares of which he settled on a charitable trust established under Jersey law.

He made two wills: one left the Monaco assets to his daughter, Mrs Vivian Duffield: the other left the greater part of his fortune to the Jersey trust for the benefit of Israeli and other charities.

He had earlier given Vivian and her brother Alan substantial investment portfolios worth about £20m.

Within months of his death the litigation began. The Inland Revenue sued for capital transfer tax; Mr Alan Clore challenged the validity of the two wills; the Official Solicitor, appointed by the High Court to replace Sir Charles's executors, sought possesion of the estate's English assets.

The first legal bone of contention was the Guy's Estate in Herefordshire, the largest English asset, which Sir Charles had transferred to Stype shortly before his death.

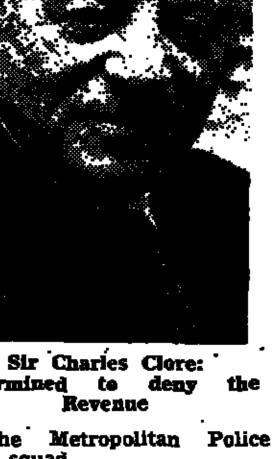
Stype contracted, as his nominee, to sell it to the Prudential Assurance Company for £20.5m. Sir Charles died before the contract was completed and Stype transferred the sale proceeds to Jersey.

That led to the Revenue alleging that Stype had "intermeddled" in the Clore estate and seeking the return to England of the sale proceeds in part satisfaction of the Revenue's CTT claims on the estate.

The claim failed in the High Court but succeeded in the Appeal Court, whrich ruled that the Guy's proceeds were English assets and should not have been "spirited" out of the country.

Lord Justice Templeman went on to express the view that there might have been "a criminal conspiracy" to defraud the Revenue and, to the alarm of Stype's directors and their banking and legal advisers, called upon the Director of Public Prosecutions to investigate.

Their alarm intensified when, in August 1982, the DPP called in the Metropolitan Police fraud squad.



Sir Charles Clore: determined to deny the Revenue

Four months later, to their considerable relief, they heard that the police had found no evidence of any criminal offence and a week later the Attorney General told the House of Commons that there would be no prosecution.

It appeared that the whole matter had resulted from a misunderstanding. The Appeal Court had not been told that Stype's directors had acted on the independent advice of an eminent tax QC, which was sufficient to dispose of any suggestion of a criminal conspiracy.

Meanwhile Stype, and Sir Charles's trustees and executors, who were all closely interlinked, had other problems in Jersey, where Mr Alan Clore had obtained orders blocking the wills and preventing the returns of funds to England. He was arguing that his father had died domiciled in Monaco, and that, under continental law, he could not be disinherited.

Moves were also begun to question the Official Solicitor's legal standing in Jersey.

There seemed a real prospect of the parallel litigation creating a unique legal and constitutional problem, with the House of Lords and the Privy Council (both drawn from the same panel of Law Lords) being eventually embroiled as the final appeal forums for the two jurisdictions.

The key issue to be decided by both the English and Jersey courts was: where was Sir Charles domiciled when he established the Jersey trust and when he died?

If the answer were Monaco, the Revenue would be entitled to about £20m tax from the £27m English estate, and Mr Alan Clore would succeed in getting a substantial share of the worldwide estate.

If there were English domicile the whole estate would be subject to up to 75 per cent

The issue was resolved last October, when Mr Justice Nourse ruled in the High Court that Sir Charles had been domiciled in England.

A week later the Royal Court in Jersey made a similar ruling and it was announced that Mr Alan Clore had dropped the Monaco domicile argument and that negotiations had begun to end the litigation and pave the way for bargaining with the Revenue.

This week the saga ended with the Royal Court in Jersey approving compromises of both the Jersey and English litigation, in an atmosphere of restrained euphoria.

APPOINTMENTS

Managing director for Esso Exploration

Dr Keith Taylor is to be appointed managing director of ESSO UK subsidiary Esso Exploration and Production UK from July 1. Dr Taylor is also to be appointed to the boards of Esso UK and Esso Petroleum Co. He succeeds **Mr George Uthlaut** who has accepted the Houston-based position of manager operations, production department, Exxon USA.

Dr Taylor joined Esso at Fawley Refinery in 1964. In January 1980 he joined Exxon USA in New Orleans and the following year was made responsible for production and drilling operations in the Gulf of Mexico. He returned to London in 1982 as operations manager and then production manager for Esso Exploration and Production UK. He is currently based in New York as executive assistant to the chairman, Exxon Corporation.

Mr Uthlaut joined the Exxon organisation in 1957 and was appointed president, Exxon Pipeline Co in 1977. He became executive assistant to the president, Exxon Corporation, in 1978 and vice-president, Esso Middle East, the following year. Mr Uthlaut moved to London in 1981 as production manager, Esso Europe Inc. and was appointed managing director, Esso Exploration and Production UK in 1982.

★

At THAMES TELEVISION **Mr Derek Hunt**, deputy director of finance becomes director of finance with a seat on the board; and **Mr Ben E. Marr**, company secretary and director of personnel also joins the board. Mr Hunt's appointment fills the vacancy created by the resignation of the previous director of finance **Mr Ian M. Scott**.

★

Mr David Jones, who has been operations director for Pepsi-Cola (Northern Europe) for the past three years, has been appointed regional vice president for PEPSICO INC in the Pacific Basin.

★

Mr Stephen Oakley has been appointed finance director on the board of UNITED CITY MERCHANTS. He joined the group in September 1984.

★

JOHN TOWNSEND AND CO has appointed **Mr Keith L. J. Samengo-Turner** as a director.

★

Mr Robbie Thomas, vice-chairman and editorial director of North Wales Newspapers, is the new president of the NEWSPAPER SOCIETY. He succeeds **Mr Tim Morris**, chairman of the Birmingham Post and Mail.

★

Mr Christopher Burnett will join SILENTNIGHT HOLDINGS as chief executive on August 1 from Whitecroft where he is an executive director on the main board. **Mr John E. Robson** has been appointed a director of the major trading company ABF where he will have overall responsibility for marketing within the Silentnight group. Mr Robson held senior executive positions with General Foods Corporation of the U.S., most recently as development director for Europe based in Brussels.

★

Mr R. G. Hollis has been appointed a non-executive director of ALFRED PREEDY AND SONS. He is group financial director of H. P. Bulmer Holdings.

★

GRAVINER has appointed **Mr Charles Richardson** as engineering director. He joins from the Marconi Company where he was divisional manager of electro-optical surveillance division. **Dr Bob Farquhar** becomes technical director.

★

Dr Alan Owens has been appointed technical director of STRESS ENGINEERING SERVICES, Bath, part of the Crystalate group.

★

NIXDORF COMPUTER AG, has appointed **Mr Albert Holler** to the executive board. Mr Holler, who was general manager of Nixdorf's UK subsidiary from 1978 to the end of 1982, will be responsible for sales and service in all European countries, excluding Germany. He will move to Munich.

★

CONVERGENT TECHNOLOGIES has appointed **Mr Steven Fleming** as director of European engineering. He was technical support manager for distributed data products, for Sperry Computer Systems.

★

Mr David Pinckney, managing director of Wrightson Wood Financial Services, has joined the BERLEI (UK) board, representing the Welsh Development Agency which recently invested £1m to support company planned expansion.

★

PANNELL KERR FORSTER has appointed three partners in the Cardiff office. They are **Mr Jeff Salnsbury, Mr David Jones** and **Mr Martin Rogers. Mr John R. Davidson** has been appointed a partner in the Leeds office.

★

Three new members have been appointed to the ENGINEERING COUNCIL: **Mr Norman Holland**, UK group standards manager of Philips Electronic and Associated Industries; **Sir Richard O'Brien**, chairman of the Engineering Industry Training Board; and **Sir Robert Telford**, life president of The Marconica.

Mr Derek R. Moon has been appointed chairman of MASTER SYSTEMS (DATA PRODUCTS). He is chairman of Brikat Group.

Mr Harry King has been appointed managing director of BENN BUSINESS INFORMATION SERVICS from Dun and Bradstreet where he was general manager of the business marketing division.

★

Mr William Rogers has been appointed managing director of MEDIA MAGAZINES, Northampton. He was managing director of the Northampton Chronicle & Echo and associated publications.

★

DUPORT has appointed **Mr S. W. Wiltshire** as a non-executive director. He has been associated with J. Henry Schroder Wagg and Co for many years.

★

Mr Kenneth Bacon has been appointed chairman of the TECHNOLOGY TRANSFER SERVICES ADVISORY COMMITTEE. He is managing director of Standard Telephones and Cables Communications.

★

Mr R. J. Sutherland has been appointed a director of M. W. MARSHALL (STERLING), a member company of the Mercantile House Group.

★

Mr A. J. E. Kidd, National and Provincial Building Society's secretary and legal adviser, will be leaving to become a director of PROFITA.

★

Mr Gerry Spencer has been appointed executive director of SWEDISH BUSINESS SERVICES, a new London-based public relations company. Mr Spencer was previously manager, group public relations, Scandinavian Bank. **Mr Jan W. G. Penser** is managing director of Swedish Business Services.

★

Dr John Manning has joined SANDBERG as a partner. He was previously a director of T.H. Engineering Services and Cementation International Engineering, the civil and structural engineering design companies in the Trafalgar House Group.

★

Three directors have been appointed to the board of FAIREY AUTOMATION, Swindon. **Mr Keith Mills** becomes sales director. He was sales manager. **Mr Adrian Hill** joins the board as commercial director. He was commercial manager. **Mr Alan Knox** joined Fairey Holdings in May 1983 as executive head, market studies, and is also president of the management board of Climax Automation SA at Blois, France, another Fairey operating company.

Company Notices

PINECHURCH UNITED STATES GROWTH FUND LIMITED

('Incorporated in Bermuda as an Exempt Company')

The aim of the Fund is to offer long term capital growth by investing principally in small and medium sized United States companies.

The Board announce the following unaudited results for the period ended 1st April 1985. The Board further announce that the special dividend as detailed below has been declared in order that the Fund may comply with the requirements of Distributor Status in respect of the Accounting Period ended 30th September 1984.

	Period 1.10.84 to 1.4.85	Comparative Period 1.10.83 to 27.3.84
Gross Revenue	US$221,825	US$273,323
Net Revenue (after interest charged and expenses but before payment of any dividend)	US$39,585	US$101,520
Interim dividend declared per share	None	2.3 USc
Special dividend declared per share	1.1 USc	—
Total amount absorbed by special/interim dividend	US$36,916	US$98,644
Ex dividend date	26.3.85	27.3.84
Payable to Shareholders of record	25.3.85	26.3.84
Dividend payment date	28.3.85	8.5.84
Net assets	US$29,336,380	US$30,039,357
Net asset value per US$0.25 share	US$8.74	US$7.00 XD

It should be noted that the special dividend as detailed above has been declared without specifying either the period for which, or the revenue out of which, it was paid and is shown in the manner above purely for comparison purposes.

3rd April 1985

For and on behalf of the Board
KLEINWORT, BENSON (GUERNSEY) LIMITED
As Administrators of the Fund
Westbourne, The Grange, St. Peter Port, Guernsey, C.I.

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES

(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS

(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL CALL FOR TENDERS
NUMBER: 9120.AY/DIV.

The National Oil Exploitation Company is launching a National and International Call for Tenders for the supply of:

WELDING SET

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade.

Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travauv aux Puits (E.N.T.P.)
16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria
Direction des Approvisionnements (Supplies Division)

with effect from the date on which this notice is published for the sum of 400 Algerian Dinars. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secretariat de la Direction des Approvisionnements [Secretariat, *Supplies Division*] at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "APPEL D'OFFRES NATIONAL ET INTERNATIONAL No. 9120.AY/DIV — CONFIDENTIEL — A NE PAS OUVRIR" [NATIONAL & INTERNATIONAL CALL FOR TENDERS No. 9120.AY/DIV — CONFIDENTIAL — DO NOT OPEN].

Tenders must be received by Saturday 15 June 1985 at the latest.

Selection will be made within 180 days of the closing date of this Call for Tenders.

NOTICE OF REDEMPTION
to Holders of

GENERAL CABLE OVERSEAS N.V.

8¼% Guaranteed Bonds due 1979/87

NOTICE IS HEREBY GIVEN that pursuant to the terms and conditions of the above issue US$1,246,000 (Nominal) are to be redeemed at par on 15th *May* 1985. *The following bond serial numbers have been drawn for redemption in the presence of a notary public at a price equal to 100% of the principal face amount.*

BONDS OF $1,000 EACH

102	2257	5708	9265	11340	14113	15538	16417	17176	18250	18840	19459	20049	21597	22410	23088	23645
110	2322	5724	9319	11508	14123	15547	16425	17184	18258	18849	19468	20058	21826	22418	23096	23652
127	2398	5731	9345	11515	14130	15555	16433	17191	18265	18856	19475	20065	21834	22425	23103	23660
136	2407	5804	9354	11523	14138	15563	16484	17200	18274	18865	19483	20074	21843	22434	23110	23667
162	2414	5813	9431	11582	14145	15570	16491	17208	18281	18872	19490	20081	21851	22441	23117	23675
170	2472	5821	9468	11590	14155	15581	16599	17577	18289	18908	19499	20091	21859	22449	23125	23683
246	2480	5828	9513	11606	14162	15588	16607	17594	18297	18915	19506	20098	21867	22457	23134	23690
302	2546	5837	9523	11646	14171	15596	16615	17602	18306	18923	19514	20107	21875	22475	23142	23697
309	2556	5852	9530	11754	14178	15604	16622	17610	18313	18931	19522	20114	21882	22484	23149	23704
317	2903	5861	9538	11762	14186	15612	16631	17618	18322	18939	19530	20122	21890	22492	23156	23712
387	3040	5868	9546	11770	14294	15619	16638	17625	18329	18946	19537	20129	21899	22500	23163	23719
417	3048	5967	9577	11778	14303	15629	16646	17633	18338	18954	19547	20202	21907	22509	23171	23727
426	3056	5989	9584	11785	14310	15636	16655	17665	18346	18962	19554	20209	21914	22516	23178	23735
438	3064	5997	9593	11802	14320	15644	16663	17673	18354	18970	19562	20217	21923	22524	23185	23742
449	3198	6084	9616	12094	14327	15652	16671	17701	18361	18980	19570	20224	21930	22532	23194	23749
460	3206	6170	9625	12103	14335	15660	16680	17710	18370	18988	19578	20233	21939	22539	23201	23756
479	3354	6178	9632	12110	14374	15667	16687	17717	18377	18995	19585	20240	21947	22546	23208	23764
487	3397	6186	9833	12119	14382	15676	16695	17727	18385	19005	19594	20251	21955	22555	23215	23771
495	3407	6552	9919	12126	14389	15683	16702	17736	18393	19012	19602	20258	21962	22562	23223	23779
504	3460	6594	9929	12134	14398	15691	16711	17744	18402	19020	19610	20266	21971	22569	23230	23786
511	3534	6663	9936	12143	14448	15700	16718	17756	18409	19028	19618	20273	21978	22576	23237	23793
519	3576	6700	9957	12151	14456	15708	16727	17764	18418	19036	19626	20282	21986	22584	23245	23800
527	3604	6707	9964	12339	14464	15717	16735	17771	18425	19043	19633	20289	21994	22592	23252	23808
535	3633	6725	10277	12347	14473	15726	16743	17779	18434	19051	19642	20297	22002	22599	23259	23815
543	3657	6732	10284	12354	14480	15733	16750	17787	18442	19060	19649	20306	22009	22607	23266	23822
552	3665	6742	10304	12364	14498	15741	16759	17795	18451	19068	19657	20314	22019	22615	23275	23830
559	3672	6750	10451	12483	14513	15748	16766	17803	18458	19076	19665	20321	22026	22622	23283	23838
567	3794	6758	10459	12491	14524	15757	16775	17811	18466	19084	19674	20330	22034	22629	23291	23845
576	3815	6766	10466	12498	14531	15765	16782	17819	18474	19091	19681	20337	22042	22637	23298	23852
588	3837	6816	10475	12507	14540	15899	16791	17828	18482	19099	19689	20345	22050	22644	23305	23860
596	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23867
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23875
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23883
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23890
632	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23897
641	3973	7747	10522	12994	14587	15984	16839	17919	18530	19147	19738	20393	22100	22689	23351	23905
652	3994	7755	10530	13014	14596	15992	16846	17926	18538	19155	19746	20402	22107	22696	23358	23912
877	4015	7794	10538	13108	14605	16012	16856	17935	18546	19163	19754	20410	22116	22704	23365	23919
900	4031	7861	10546	13142	14615	16021	16863	17942	18553	19170	19763	20417	22123	22711	23373	23927
940	4134	7890	10599	13155	14623	16085	16872	17951	18561	19179	19771	20427	22131	22718	23380	23935
965	4141	7897	10606	13162	14636	16093	16879	17958	18569	19186	19778	20434	22138	22725	23388	23942
1049	4719	7961	10614	13172	14754	16102	16887	17966	18577	19194	19786	20442	22147	22735	23395	23949
1152	4833	7969	10622	13179	14761	16109	16895	17973	18586	19202	19794	20450	22154	22742	23402	23957
1166	4841	7978	10631	13432	14882	16118	16904	17983	18594	19210	19802	20458	22163	22750	23409	23964
1173	4848	8483	10647	13461	14890	16125	16911	17990	18601	19217	19810	20465	22170	22757	23417	23971
1182	4857	8491	10664	13477	14898	16133	16919	17999	18609	19228	19818	20473	22178	22764	23424	23980
1204	4864	8530	10683	13485	14906	16142	16927	18006	18618	19235	19825	20481	22185	22771	23431	23987
1213	4872	8538	10693	13493	14914	16150	16935	18014	18626	19243	19833	20490	22195	22779	23439	23994
1220	4880	8546	10713	13500	14958	16157	16942	18041	18633	19251	19841	20498	22202	22786	23446	24002
1261	4889	8579	10722	13615	14967	16167	16951	18050	18642	19259	19849	20506	22211	22793	23453	24009
1329	4896	8616	10821	13622	14975	16174	16958	18057	18649	19266	19856	20513	22219	22802	23461	24017
1337	4905	8656	10859	13658	14983	16182	16966	18065	18658	19275	19865	20521	22227	22809	23469	24025
1344	4917	8742	10867	13666	14991	16191	16974	18072	18666	19282	19872	20529	22235	22816	23476	24033
1352	4949	8801	10876	13674	14999	16199	16982	18081	18674	19290	19880	20537	22244	22824	23488	24040
1387	4957	8839	10883	13696	15011	16206	16989	18090	18681	19298	19888	20545	22251	22832	23495	24048
1406	5093	8947	10891	13704	15230	16218	16998	18099	18690	19307	19896	20553	22260	22839	23502	24057
1433	5101	8955	11029	13712	15237	16235	17005	18106	18697	19314	19903	20560	22268	22846	23509	24064
1441	5114	8966	11037	13759	15245	16243	17013	18114	18705	19323	19913	20568	22276	22854	23518	24071
1493	5121	8999	11045	13766	15284	16250	17021	18121	18714	19330	19920	20744	22283	22861	23525	24079
1502	5130	9008	11056	13891	15368	16258	17029	18130	18722	19338	19929	20752	22292	22868	23534	24086
1510	5137	9015	11064	13898	15380	16266	17037	18137	18729	19346	19937	20759	22299	22876	23541	24093
1568	5154	9023	11072	13907	15388	16275	17052	18146	18738	19356	19945	20768	22307	22883	23548	24100
1576	5162	9032	11080	13930	15433	16283	17059	18153	18745	19363	19952	20779	22315	22890	23555	
1625	5235	9041	11099	13940	15446	16291	17073	18161	18753	19372	19962	20830	22323	22898	23563	
1641	5294	9048	11107	13947	15454	16298	17080	18168	18761	19379	19969	20838	22330	23015	23570	
1703	5316	9057	11130	13957	15463	16306	17088	18178	18769	19387	19977	20846	22339	23022	23577	
1804	5324	9073	11151	13964	15476	16314	17098	18185	18777	19394	19985	20853	22346	23030	23585	
1838	5357	9167	11159	13972	15484	16323	17107	18194	18786	19404	19993	20862	22354	23037	23592	
1846	5364	9174	11168	14040	15491	16368	17124	18201	18793	19411	20000	20870	22362	23045	23599	
1854	5420	9208	11176	14048	15499	16376	17132	18209	18801	19420	20009	20878	22370	23052	23607	
2138	5427	9215	11183	14056	15507	16385	17139	18216	18808	19427	20016	20885	22377	23059	23615	
2146	5435	9242	11192	14089	15515	16393	17150	18225	18817	19435	20025	20894	22386	23066	23622	
2156	5672	9250	11298	14096	15522	16400	17160	18232	18824	19442	20033	20901	22393	23074	23629	
2218	5701	9258	11332	14105	15531	16409	17169	18241	18833	19451	20042	20925	22401	23081	23638	

Bonds not listed above are not affected by this redemption.

Bonds so designated for redemption will become due and payable on 15th *May* 1985 in the currency of the United States of America at the offices of the principal Paying Agent, Manufacturers Hanover Trust Co., 7, Princes Street, London; or at the holders option at Manufacturers Hanover Trust Co., Corporate Trust Office, New York; or, at the principal office at Banque Internationale à Luxembourg, Luxembourg.

Payment of the redemption price of the bonds called will be made upon presentation and surrender of such bonds with Coupons No. 14 and subsequent Coupons attached. Coupon No. 13 should be detached and encashed in the usual manner.

Interest on the bonds drawn will cease on and after 15th May 1985.

GENERAL CABLE OVERSEAS N.V.
By Manufacturers Hanover Trust Company,
7, Princes Street, London EC2P 2LR.

NOTICE

Banca Commerciale Italiana Finance B.V.

US $300,000,000
Subordinated Floating Rate Notes due 1996
guaranteed on a subordinated basis by
Banca Commerciale Italiana

To All Notcholders

Effective 25th March, 1985, the name of Banca Commerciale Italiana Finance B.V. was changed to Comit Finance B.V.

Registered Address:
Comit Finance B.V.
595, Herengracht
P.O. Box 961
1000 AZ Amsterdam
The Netherlands

Comit Finance B.V.

CANADIAN PACIFIC SECURITIES LIMITED

TO HOLDERS OF:
THE CORPORATION'S CAN. $40,000,000 17¼% GUARANTEED NOTES DUE 1987
THE CORPORATION'S CAN. $50,000,000 16¼% GUARANTEED NOTES DUE 1989
THE CORPORATION'S U.S. $75,000,000 15% GUARANTEED NOTES DUE 1989
THE CORPORATION'S CAN. $75,000,000 11¼% GUARANTEED NOTES DUE 1990

NOTICE IS HEREBY GIVEN that the Annual Reports and Accounts of the Corporation and of the Guarantor, Canadian Pacific Enterprises Limited, are available from Orion Royal Bank Limited, 1 London Wall, London, England, EC2Y 5JX and the other Paying Agents named on the Note certificates.

April 17, 1985.
G. S. MACLEAN
Secretary

M.T.D. (MANGULA) LIMITED

(Incorporated in Zimbabwe)

INTERIM REPORT

OPERATING RESULTS (Metric tons)	Six months ended 31.3.85 Ore Milled	31.3.84 Ore Milled	31.3.85 Recoverable Copper	31.3.84 Recoverable Copper
Miriam	577 800	621 900	4 618	5 301
Norah	249 550	255 800	1 740	2 015
Total	827 350	877 700	6 358	7 316
Concentrates purchased			1 646	2 799
Smelter Production			7 537	9 995
Refined copper produced			8 108	9 089
Sales—copper			7 807	9 658
—silver (kg)			9 349	12 800
—gold (kg)			96	122
FINANCIAL RESULTS (Z$000s)			(Unaudited)	
Turnover			20 460	22 272
Working (loss)/profit			(13)	1 214
Interest (net), sundry income less other expenditure			(1 013)	(1 816)
(Loss)			(1 026)	(602)
Net capital expenditure			—	3 764
(Loss) per stock unit (cents)			(5.1)	(3.0)

COMMENT

The six months ended 31 March 1985 saw no improvement in company profitability. The following were the main contributory factors:

1. A reduction in the total ore milled and the consequential decrease in concentrate production as a result of plant breakdowns and, in the latter half of the period, wet ore which restricted the mill feed.
2. *A decline in ore and recovery grades.*
3. A reduction in smelter and refinery production arising from the decrease in concentrate production and the need for repairs to the smelter during the period.

The difficulties experienced during the period have been largely resolved and a return to profitability in March was achieved and is expected to be maintained during the next quarter.

The financial year end of the company has been changed to 30 June and consequently the next annual report to be published towards the end of September 1985 will relate to the nine months ended 30 June 1985.

By order of the Board
M.T.D. MANAGEMENT SERVICES LIMITED
Secretaries
per A. W. Bradshaw

London, 25 April 1985.
Transfer Offices:
Harare: Third Floor, RAL House, 67 Samora Machel Avenue.
Johannesburg: 154 Market Street, 2001.
London: 6 Greencoat Place, SW1P 1PL.

LIBRA BANK PLC

(incorporated in England with limited liability)

US$100,000,000
Subordinated Floating Rate Notes due 1995

Notice is hereby given that the Interest Rate on the notes for the period 3rd May, 1985 to 4th November, 1985 is 9 5/16% per annum. On 4th November, 1985 the Coupon Amount will be US$478.56 per US$10,000 note and US$4,785.59 per US$100,000 note.

Banque Paribas, London Branch
Agent Bank

THE ROYAL BANK OF CANADA
Dividend No. 391

Notice is hereby given that a Dividend of 50 cents per share upon the paid up common shares of this Bank has been declared for the current quarter and will be payable at the Bank and its branches on or after 24th May 1985 to shareholders on record at the close of business on 24th April 1985.

By order of the Board
R. J. MOORES
Vice President & Secretary

BANQUE NATIONALE DE PARIS
***Floating Rate Note Issue of* U.S.$250 million January 1980/88**

The rate of interest applicable for the three month period beginning April 30 1985 and set by the reference agent is 8 13/16% annually.

Public Notices

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

7½% Debenture Stock 1990/92

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 20th to 31st May, 1985, both days inclusive.

By Order of the Board
H. J. McTurk, Secretary
48 Palmerston Place
Edinburgh EH12 5BR
3rd May, 1985

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

The Monopolies and Mergers Commission invite views in connection with their current investigation into the proposed transfer of the newspapers of which Fleet Holdings plc is proprietor, to United Newspapers plc.

Any person or organisation wishing to give information or views on the proposed transfer should write as as soon as possible to:
The Secretary
Monopolies and Mergers Commission
48 Carey Street, London WC2A 2JT.

Legal Notices

TRAVEL EXPRESS COMPANY LIMITED
LIMITED
(IN VOLUNTARY LIQUIDATION)

NOTICE IS HEREBY GIVEN, in pursuance of section 300 of the Companies Act 1948, that General Meetings of the Members and Creditors of the above-named Company will be held at the offices of Singla & Company, Chartered Accountants, New Broad Street House, 35 *New Broad Street, London EC2M 1NH,* on 8th May 1985 at 11.00 am and 11.15 am in the forenoon respectively, to receive an account showing how the winding-up of the Company has been conducted and its property disposed of and to hear any explanation that may be furnished by the Liquidator and to pass a Resolution as to the disposal of the books, accounts and documents of the Company.

S. K. SINGLA, F.C.A.,
Liquidator.

17th April 1985.

Personal

THE MARRIAGE BUREAU (Heather Jenner), 124 New Bond Street, W.1. 01-629 9634 (Est. 1939).

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.0 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St. 01-734 0557

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
3	4	5	6	7	8	9

Theatre

NEW YORK

Cats (Winter Garden): Still a sellout, *Trevor Nunn's production of T. S. Eliot's* children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his *doting Jewish mother*. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate *the career of a 1960s female pop* group, à la Supremes, without the quality of their music. (239 6200).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America *has not only* supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

The Real Thing (Plymouth): After *14* months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Sunday in the Park with George (Booth): Inspired by the Seurat painting, Stephen Sondheim fashions a musical with dots and dashes of song that end too soon but work well with *Tony Straiges's* pretty set and James Lapine's book which changes gears in the second act. (239 6262).

Noises Off (Brooks Atkinson): The closest Broadway gets to the British farce tradition is this import of Michael Frayn's *funny* backstage view of all the slamming doors and dropping drawers. (245 3430).

TOKYO

Barefoot in the Park: The Japanese *version of Neil Simon's play* directed by Yutaka Kobayashi. Long Run Theater, Shimokitazawa. (414 0961).

Cocteau Marais, a one-man show on the life of Jean Cocteau by Jean Marais (in French) Sogetsu Hall, *one of* Tokyo's most beautiful buildings, a *flower*-arranging school designed by architect Tange. (Mon, national holiday, 2pm). (407 8238).

LONDON

Noises Off (Savoy): The funniest play for years in London, now with an *improved* third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg *movie* magic, an exciting first half and a dwindling reliance on *indiscriminate* rushing around. *Disneyland*, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child *is* known to have asked for his money back. (834 6184).

On Your Toes (Palace): Rodgers and *Hart's 1936 musical is a genuine tonic.* American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American *Clare Leach is a real find as* Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

Me and My Girl (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

Other Places (Duchess): Colin Blakely and Dorothy Tutin in a reassembled *trilogy of Pinter plays: A Kind of* Alaska in which a victim of sleeping sickness awakes after 29 years; Victoria Station, a funny throw-back to Pinter's early revue sketches; and *last year's One for the Road*, a chilling piece of intimidatory police state confrontation with first Pinteresque intimations of political despair. (836 8243).

The Government Inspector (Olivier): Striking but unfunny revival with under-equipped TV comic Rik Mayall playing the poseur as a shrieking nose-picker. Richard Eyre's production *for the NT lacks* either comic tension or true delirium but, with John Gunter's imposing design of bureaucratic bumf, the show has a sort of monumental starkness as well as nightmarish tedium. *New* translation by Adrian Mitchell. (928 2252).

Barnum (Victoria Palace): *Michael* Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable meringue of a musical. (834 1317, 828 4735).

NETHERLANDS

Amsterdam, De Stalhouderij (Eerste Bloemdwarsstraat 4). The English-Speaking Theatre of *Amsterdam* with Krapp's Last Tape by Samuel Beckett. (Fri, Sat, Wed, Thur). (26 22 82).

Exhibitions

WEST GERMANY

Berlin, Schloss Charlottenburg, Spandauer Damm, Neuer Flugel, Berlin is putting on the biggest exhibition of Antoine Watteau to commemorate the 300th anniversary of his birth. The National Gallery of Arts, Washington, the State Museum of France and the administration of Berlin's castles are sponsoring the show. The French rococo painter often used poor quality colours, therefore many of his paintings are in a bad condition and have not been displayed before. The exhibition includes 73 drawings and 143 paintings. Ends May 25.

Cologne, Kunsthalle, Josef-Haubrich-Hof 1: "Ornamenta Ecclesiae". To underline the importance of the romanesque churches, the Cologne Schnütgen museum has organised an exhibition of roughly 800 religious works ranging from 11th to 13th century including illuminated *manuscripts* and gold artifacts. Ends June 9.

Stuttgart, Staatsgalerie, Konrad-Adenauer Straße 30-32: The German romanticist Caspar David Friedrich *(1774-1840)*. Ends May 28.

Cologne, Wallraf-Richartz-Museum, An der Rechtschule: Fifteen paintings by six Dutch masters of the Utrecht school on loan from the *Utrecht Zentralmuseum. Ends May 20.*

VIENNA

Vienna 1870–1930: Dream and Reality: The greatest names of the Viennese fin-de-siècle – Klimt, Otto Wagner, Schiele, Kokoschka, *Adolf* Loos, Josef Hoffman – in a dazzling display of Jugendstil creative genius. The attempt to integrate the artistic achievements of this era with philosophical developments (notably Wittgenstein but also Freud) and political transformations (the emergence of municipal socialism on the ruins of Baroque splendour) is ambi*tious and only* partly *successful*. The complex tension between autocratic and censored reality on the one hand and the illusions or fantasies of individual artists on the other is *hinted at but not fully explored*. A high point of the show is a reconstruction of Hoffman's room at the secession exhibition of 1902. Here, triumphantly restored, is Klimt's fifty-foot Beethoven frieze depicting humanity's progress through suffering to joy on the theme of the Ninth Symphony. Displayed exactly as intended, this alone is worth a special visit. Kunstlerhaus. Ends October 6.

BRUSSELS

Hotel Metropole is *celebrating its 90th* year and in its splendid *fin de siècle* public areas, worth a visit in themselves, they are exhibiting glass and objets d'art from the Belle Epoque to Art Nouveau including works by Wouters, Gallé and Daum. Also on show are a collection of illustrated menu cards including a Press Banquet in *1893*, Congo in *1896* and Sarah Bernhardt in 1896. Ends Jul 20.

ITALY

Rome, National Print Gallery, via della Lungara 230 (better known as La Farnesina. The Art of the Watercolour in 19th century Holland. Sixty-two paintings from the Rijksprentenkabinet in Amsterdam, of extraordinary variety and charm; moving *scenes of* the poor and elderly in the Amsterdam ghetto, as well as the traditional delicate and romantic landscapes. Notable is J. B. Jongkind whose style matures markedly, *becoming spare and impressionist* (he was much admired by Monet, Manet and Pissarro). Ends May 5.

Venice, Palazzo Fortuny: Toys for the science-fiction era, showing how vastly more sophisticated robots have become, since first produced in the 1950s. Ends Jul 14.

LONDON

The Saatchi Collection: Charles and Doris Saatchi have been collectors of contemporary art since 1970. The catalogue of their collection, The Art *Of* Our Time, is being published volume by volume, and a gallery established to make it available to a wider public. The gallery is an astonishing converted paint warehouse at *98a Boundary Road, NW8, that* offers more exhibition space for temporary shows than any other gallery in London, except perhaps the Tate. There are to be three or four shows a year, *of a few artists at a time*. Those now being shown are Cy Twombly, Brice Marden, Andy Warhol, Don Judd, and Richard Serra. The gallery is open on Fridays and Saturdays between 12 and 6, or by appointment. (624 8299).

NEW YORK

Metropolitan Museum: 30 objects from the period between the 1851 *Crystal Palace Exhibition to* the 1900 World Fair in Paris demonstrate the show's theme of Revivals and Explorations in European decorative arts. Ends Sept 5.

Museum of Modern Art. *The first* comprehensive retrospective of Henri Rousseau, including 60 works from as far away as Prague, show the masterful playfulness of the Paris *toll collector who brought together* man and nature at their most benign and intriguing. Ends June 4.

WASHINGTON

National Gallery. *Ancient Art of the American Woodland Indians* includes 151 pieces covering 3,000 years of sculpture, ceramics, copper and shell objects of the native Americans who lived in what is now the eastern half of the U.S. Ends *Aug 4*.

CHICAGO

Art Institute: Though Edouard Manet made etchings primarily to reproduce and publicize his paintings, he developed a unique style as shown *in the 27 etchings in this special* exhibit of more than a third of his total output of 75 etchings. Ends Sept 2.

TOKYO

Japan a Hundred Years Ago: Photographs from Edward S. Morse Peabody Museum Collection. A superb documentation of pre-modern Japan capturing town and country life touched up with colour for more realistic impression. Tobacco and *Salt* Museum, Shibuya. The location, a bustling and fashionable area for the affluent young, exemplifies the remarkable changes Japan has undergone in the last century. Ends *May 6*.

PARIS

James Tissot: A nostalgic evocation of the charms of Edwardian life, with his fashion-plate perfection in rendering ladies' rustling dresses and *beautiful hats, surrounded by attentive* dandies at various social occasions. This show arrives in Paris from the Barbican, London. Petit Palais. Closed Mon. Ends Jun 30.

Opera and Ballet

LONDON

Royal Opera House, Covent Garden: Sadler's Wells Royal Ballet presents Swan Lake in Peter Wright's fine staging, and his Sleeping Beauty, for two performances on the Monday Bank Holiday.

Royal Opera House, Covent Garden: The Revival of King Priam, devised as the Royal Opera's tribute to Sir Michael Tippett on his 80th birthday, is not quite of all-round celebratory excellence – the 1962 production has gone dull to the eye – but is redeemed by Elgar Howarth's firm, confident conducting and by a very interestingly chosen cast, of whom Felicity Palmer, Anne Howells, Robin Leggate, and Deon van der Walt are the pick. Further performances of Andrea Chenier, with Placido Domingo in the title role.

PARIS

Alceste, produced by Pier Luigi, alternates with Soirée de Ballets producing Giselle, choreographed by Mary Skeaping after Pepila and Quelques pas Graves de Baptiste to Lully's music, choreographed by Francine Lancelot. Paris Opéra (742 5750).

The very modern G.R.C.O.P alternates with the Ballet School Spectacle. Opéra Comique (296 0611).

Hamburg Opera Ballet, choreography by John Neumeier, is followed by Carolyn Carlson who returns to Paris with her triumphant Solo in Blue Lady's 70 minutes of dream and poetry. Théâtre de la Ville (274 2277).

WEST GERMANY

Berlin, Deutsche Oper: Fidelio, a Jean Pierre-Ponnelle production with Lisbeth Balslev and James King: Puccini's La Fancinlla del West with Gallna Savoya and Barry McDaniel: Don Carlos, sung in Italian, with Pilar Lorengar, Eva Randova and Leo Nucci: Il Trovatore is produced by Herbert von Karajan: Salome has Karen Armstrong in the title role.

Hamburg, Staatsoper: A concert version of Rossini's Semiramis stars Montserrat Caballe, Francisco Araiza, *Marilyn* Horne and *Richard* Curtin. Carmen stars Nadine Denize and Vladimir Atlantow. Cavalli's L'Ormindo features Daphne Evangelatos and Rüdiger Wohlers. Der Barbier von *Sevilla rounds off the* week.

ITALY

Milan, *Teatro della Scala*: John Cranko's Ballet Romeo and Juliet to Prokofiev's music, conducted by Michel Sasson. Paris Opéra production with Oriella Dorella, David Bombana, Matteo Buongiorno, and Tiziano Mietto (Tue). (80 91 26).

Rome, Teatro dell'Opera: Three ballets, Petrushka by Fokine to Stravinsky's music, Les Biches by Nijinskaya to music by Poulenc, and Serge Lifar's Phèdre (Wed). (46 17 55).

Verona, Teatro Filarmonica: Il Finto *Stanislao – Verdi's second opera*, rarely performed since its disastrous debut, in a new production by Sylvano Bussotti with Alessandro Corbelli, Enzo Dara and Krystina Robarch in the cast conducted by Gianfranco Masini (Sat). (22 880).

Naples, Teatro di San Carlo: Berg's Wozzek with the Berlin Staatsoper (Wed, Thur). (41 82 66).

BRUSSELS

Amsterdam Opera with Der Schuh und *die Fliegende* Prinzessin by Udo Zimmerman conducted by Kasper de Roo (Tue).

Wiesbaden Festival

Wiesbaden and the Hesse State Opera are staging the International May Festival from Wednesday to May 26. Eight countries are participating with *opera, drama, ballet, concert and* other artistic activities.

The Bulgarian State Opera Sofia opens the festivities with Borodin's opera Fürst Igor and Rimsky Korsakov's Der Goldene Hahn.

Further highlights are Verdi's Rigoletto and Pergolesi's Il Flaminio with the Teatro di San Carlo. One night is dedicated to *the Spanish Companía Lirica* offering folkloristic music. Box: 06121/132325.

NETHERLANDS

Balanchine programmes from the National Balet. Apollon Musagète (Stravinsky), Tombeau de Couperin (Ravel) and Theme and Variations (Tchaikovsky). *Fri in Nijmegen*, Stadsschouwburg (22 11 00), Sun in Venlo, De Maaspoort (43 131); Mon in Scheveningen, Circus Theatre (55 88 00); Tue in Leeuwarden, De Harmonie (13 92 25); Thur in Enschede, Twentse Schouwburg (32 32 33).

Dr Faustus by Konrad Boehmer; Netherlands Opera with the Broadcasting Orchestra conducted by Lucas Vis. The libretto by Hugo Claus is based on 16th century written sources and presents Faust not as the tragic hero of legend but as a third-rate magician. Ernst Daniel Smid as Faust; Ton Thissen as his adversary, Abbot Trithemius, and Annett Andriessen as his mother. Directed by Charles Hamilton. Tue in Amsterdam, Stadsschouwburg (24 23 11).

VIENNA

Staatsoper (53 24/26 55): La Bohème, conducted by B. Guadagno with Moldoveanu, Sonnenschein, Carreras, Hornik, Allen, Rydl, Kunz, Christian, Kasemann and The Vienna Boys' Choir. (Sat, Wed). *Verdi's* Macbeth, conducted by Sinopoli with Zampieri, Vance. Bruson, Ghiaurov, Dvorsky, Aichberger, Sramek, Maly, Weiss, Simic and The Vienna Boys' Choir (Sun). Wagner's Die Meistersinger von Nürnberg, conducted by Schneider with Popp, Jahn, Weikl, Brenneis, Schreier, Moll, Prey, Terkal, Tichy, Helm, Nitsche, *Wendler*, Aichberger, Christian, Stajnc and Rydl. (Mon). Romeo and Juliette by Prokofiev conducted by Richter with Scheuermann and Karl. (Tue). Der Rosenkavalier conducted by Stein with Janowitz, Fassbänder, Laki, Lotte Rysanek, Lilowa, Lind, Jungwirth, Hornik, Wildhaber, Kasemann, Aichberger, Terkal, Jelosits, Christian, Hopferwieser and Sramek. (Thur).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet, dance a mixed programme from their eight-week repertory. Ends June 15. Lincoln Center (362 6000).

New York City Ballet (New York State Theatre): A new ballet by Jerome Robbins joins Balanchine and Robbins *favourites*, including A Midsummer Night's Dream, Firebird, La Valse and Apollo, in the company's two-month season. Ends June 23. Lincoln Center (870 5570).

Music

PARIS

Orchestre Colonne conducted by Pierre Dervaux with Michel Galabru, Pierre Hofer, Rene Benedetti: Brahms, Prokofiev, Beethoven (Mon). Salle Pleyel (561 0630).

Ensemble Orchestral de Paris conducted by *Luca Pfaff; Elisabeth* Chojnacka, harpsichord, Philip *Bride*, violin: Falla, Xenakis, Hersant, Prokofiev (Mon). Théâtre du Rond-Point (256 7080).

Francois-Rene Duchable, piano, Paul Meyer, clarinet: Scarlatti, Liszt, *Stravinsky, Brahms (8.30)*: Orchestre Symphonique de Saint Louis conducted by Leonard Slatkin, Isaac Stern, violin: Bernstein, Mendelssohn, Prokofiev (8.30). Both concerts *Monday, TMP-Chatelet* (233 4444).

NETHERLANDS

Rotterdam, De Doelen. Lunchtime concert from the Rotterdam Philharmonic conducted by Herbert Blomstedt: *Sibelius* (Wed), *and Sibelius*, Dvorak (Thur). Recital Hall: Theo Olof, violin: Bach (Mon). (14 29 11).

Utrecht, Musiekcentrum Bredenburg. *Frans Brüggen conducting the Orchestra of the 18th century*, with Eric Hoeprich, clarinet: Mozart (Wed). Recital Hall: Orlando Quartet (Mon); Roberta Alexander, soprano, Gerard van Blerk (Wed). (31 45 44).

WEST GERMANY

Berlin, Opera: Lieder recital with *Gwyneth Jones, accompanied by* Irwin Gage: Wagner, Schubert, Alban Berg, Richard Strauss (Mon).

BRUSSELS

Greta de Reyghere, soprano, Christina Kyprianides, baroque cello, Heather Charlton, harpsichord. 300th anniversary Handel and Scarlatti concert. Musée Instrumentale (511 35 95). (Wed).

ITALY

Milan, Teatro della Scala: Soprano Elizabeth Connell, Geoffrey Parsons, piano: Schubert, Wagner, Wolf and Mahler (Mon). (80 91 26).

Rome, Auditorium of Via Della Conciliazione: Tchaikovsky's Iolanta, conducted by Yuri Termirkanov with choir and soloists from the Kirov Theatre in Leningrad (Sun, Mon, Tue). (654 1044). Also at Oratorio del Gonfalone, Vicolo della Scimia: Violinist Angel Jesus Garcia playing Bach (Thur). (655 952).

VIENNA

Orf Symphony Orchestra and choir conducted by Gerd Albrecht with Cheryl Studer and Doris Stoffel, sopranos. Thomas Moser, tenor, *Matthias Holle, bass, and Bernd* Weikl, baritone. Spohr's Jessonda. Musikverein. (Fri). (65 81 90).

LONDON

Tchaikovsky Gala Night with the *London Concert Orchestra, Band of the* Welsh Guards, Anthony Goldstone (piano), conducted by David Coleman. Royal Festival Hall (Mon). (928 3191).

Paul Robeson Memorial Concert, *introduced* by Joe Marcell. Queen Elizabeth Hall (Mon). (928 3191).

NEW YORK

New York Philharmonic (Avery Fisher): *conductor*, Zubin Mehta; *cellist*, Leonard Rose: Jacob Druckman, Haydn, Dvorak, conductor, Zubin *Mehta; New York Choral Society*: Prokofiev, Mussorgsky (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): *conductor* Hugh Wolff; Berio, Webern, Sibelius, Nielsen (Tue); conductor, Mstislav Rostropovich; pianist, Alicia de Larrocha: Glinka, Mozart, Brahms (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): conductor, Erich Leinsdorf; soprano, Erie Mills: Bach, Berg, Bruckner (Thur). (435 8122).

TOKYO

Stuttgart Gächinger Kantorei and Bach-Collegium, conducted by Helmuth *Rilling*, in works to commemorate Bach's 300th anniversary: St John Passion (Mon); Mass in B Minor (Tues). Tokyo Bunka Kaikan. (580 0031).

Cinema/Nigel Andrews

Bobbing along with Mills & Boon

The Cotton Club directed by Francis Coppola
Falling in Love directed by Ulu Gossard
Protocol directed by Herbert Ross
Parker directed by Jim Goddard
The Bay Boy directed by Daniel Petrie

"I want to see the money up on the screen!" has always been the cry of studio chiefs faced with spiralling budgets. Whatever else you see up on the screen in Francis Coppola's *The Cotton Club*, you certainly don't see 48 million dollars. This *celebration of Harlem's famous* black jazz club—part gangster film, part musical—doesn't reflect its Midas cost in either the scope of its story or the starriness of its cast. *The first is a* confusing, claustrophobic frenzy of trilbies, shadows and machine-guns, as if *The Godfather* had been remade by *Alfred Jarry*. And the second is an *omnium gatherum* of substellar character actors—Gregory Hines, Bob Hoskins, Fred Gwynne, Lonette McKee—led by a single superstar, semi-incognito in dark glasses and Ronald Colman mustache, Richard Gere.

Not only the budget went out of control, it seems, but the whole notion of what the film was supposed to be. Based on the between-wars niterie where all-black performers played to all-white customers and the famous foregathered, from *Lucky Luciano to Charlie Chaplin*, the movie's music-and-melodrama mix went through some 30 script drafts—and one momentous change of director, when producer Robert Evans gave up doing the job himself and called in Coppola.

Coppola's recent history of directing minority curios — *One From The Heart, The Outsiders, Rumble Fish* — has perhaps destabilised his judgment in handling commercial projects. *The Cotton Club* is a riot of inflated inconsequence. We never know why we are supposed to be interested in the *desultory dashings of its hero* —cornet player turned male escort turned film star, Richard Gere — as he goes about making deals and laying dames. We never fully grasp who is doing what to whom among the big-time gangsters ballooning across the screen like a series of human dirigibles (though James Remar curls a mean lip and a nasty Brando charisma as *"Dutch" Schulz). And* whenever the film throws us into a hotel room for a brief snatch of romance — all-white between Gere and Diane Lane, or all-black between Hines and McKee — all we want to do, exhausted by the directionless slam-banging of the plot, is lay our heads on the pillow and catch forty winks.

The only possible approach to this movie is *to cut yourself* adrift from all narrative expectations and just bob along on the resplendent tide of the music and visuals.

Designer Richard Sylbert has turned 1920s Harlem into a *frenzy of Art Deco* angularity and Fauvist figurations, dunked *in amber and silver. Stephen* Goldblatt's photography, with its smoke-diffused interiors and visual flourishes (a lace curtain casts a Sternbergian netting of shadow over two bodies during love-play) is equally dazzling. *And the musical numbers are* so vibrant — Gregory Hines soft-shoeing under a cataract of light, Larry Marshall dervishing in white tails through a *pastiche of Cab Calloway's* "Minnie the Moocher," the whole cast (or nearly) uniting in a Grand Central Station knees-up — that you can almost *forgive* the film's lack of plot and character-appeal for its multi-sensory pizazz.

Almost, but not quite . . .

*

Is romance dead? Not according to Meryl Streep and Robert De Niro, who in *Falling In Love* give us two starry-eyed *hours of the eponymous* activity. He is a married construction engineer, she is a ditto graphic artist and they meet in a Christmas present collision in Rizzoli's bookshop, Manhattan. He says to her (on the train home — they both live on Long Island), "You're very beautiful." She gives a nervous Streep giggle, which sounds like a burst water-main in Paradise, and says, "No, I'm not, I'm very married." And *the consequence is, they carry* on for the rest of the film like this, an ever nuttier New York answer to Celia Johnson and Trevor Howard.

Ulu *(True Confessions)* Grosbard directed this wonderfully silly confection. *Watching it is* like trying to eat a soufflé while it visibly dissolves on your plate. The structure may be 100 per cent formulary, as each character goes through his/her emotional dizzy spells, pangs of guilt, rows with spouse and idylls of secret canoodling (but good heavens, no sex!). And between-whiles each shares with a perfunctorily drawn same-sex confidant — Harvey Keitel, Dianne Wiest — his and her *bouleversé* feelings.

But the two stars redeem all. Starstruck with each other, they cause the audience to be starstruck with them. Here you see what two actor geniuses can do when they have almost nothing to work on. Streep girdles herself in all the vaporous fears, laughs and excitements of love, creating a whole subtext of gesture and mannerism under the neo-Mills and Boon dialogue. The voice can giggle mysteriously one moment, growl in raunchy humour the next, and then float up into some distracted Streep ether of melismatic thought.

De Niro's crinkly grin, irrepressible Italian hand-weave gestures and vast ironic pauses with cocked head (no other actor skates so close to making you think he's forgotten his lines) spirit a character into being where nothing was before. The Israelites, you may recall, couldn't make bricks without straw. De Niro and Streep can, which only proves that civilisation has advanced in 3,000 years.

*

Ever since she giggled her way into a nation's heart in TV's *Lough-In*, Goldie Hawn has been serious-acting her way out of it again in her movies. From the Women's Lib moralising of *Private Benjamin*, a girls-in-khaki comedy with all the humour of a lead-lined feminist polemic, to the political sermonising of *Protocol* it is but a short step.

The would-be dizzy Goldie here plays a nightclub waitress rising to Washington heights as a celebrity (she saves an Emir from assassination) and then as a hostess-cum-tour-guide for foreign diplomates. *En Route* she uncovers scandal and chicanery, trades laughter and tears with the most wooden set of supporting characters since *Thunderbirds*, and ends up all gooey-eyed reading the Declaration of Independence off a Washington monument wall while the violins swell. Frank Capra used to do this sort of thing in his sleep — *Mr Deeds Goes To Town, Mr Smith Goes To Washington*, etc.—which is perhaps the best way to do it.

*

Parker, directed by television's *Jim Goddard (of Reilly* and *Kenedy)*, resembles an episode of *Z Cars* which has suffered concussion. Taking a simple if globe-hopping plot—*UK-based Aussie businessman* Bryan Brown is released unharmed from a kidnap in West Germany and tracks down his mystery captors—it cracks it into kaleidoscope fragments.

Diane Lane and Richard Gere in "The Cotton Club"

Cavalcade/Chichester

B. A. Young

The patriotic ambience *attending the Boer War (which I don't remember)* and the First World War (which I do) were not so noticeable in the Second World War, and the prospect of fighting for our country in the Third World War, if it comes, will have little room in it for romance. Noel Coward did all he could to make us believe that to die for one's country was *dulce et decorum*, but this feeling has somewhat given way with the prospect of the nuclear destruction that will replace Mafeking and the Somme and the Western Desert *when war comes round again*. Nostalgia will be a long time coming next time.

Yet it lingers on, ready to be unleashed for a Falklands campaign or a 40th anniversary of *VE Day. For* anyone who still believes that war is glorious, and not a *mere matter of* bombed cities and slaughtered soldiery, *Cavalcade* can still raise its standing ovation, as it did on Wednesday at Chichester *Festival Theatre*.

Were the clapping and the cheers for the "glories and the victories and the triumphs" that Jane and Robert Marryot toast at the final curtain, though, or were they rather for the achievement of the Chichester Theatre and the director, David Gilmore, in bringing so elaborate a production onto so unwelcoming a stage? With no revolves or electric lifts, not even a fly-tower, the 30-strong company, reinforced by scores of willing amateurs, brought scene after crowded scene to the stage, to which was added two balconies upstage.

Looking beneath the spectacle, however, it is all too clear how thin the book is. The Marryots (Joanna McCallum *and Lewis Fiander*), prosperous folk with two little boys, are separated when Robert goes off to the Boer War where, off-stage, he wins a VC. The elder son (Julian Wadham) grows up and marries, taking his bride for her honeymoon on the Titanic. The younger son (Simon Chandler), who has been dallying with Fanny (Maria Friedman), the daughter of the Marryots' house maid, now a successful dancer, is reported killed on the last day of the war. This is virtually all there is of a plot, and it is never treated with any depth. We get a hint of Cowardesque dialogue now and then, not sustained.

The sense of public excitement is stimulated by lining the upper balcony with crowds who look down at what is going *on below, joining in if necessary* with cheers or applause. "Twentieth Century blues" is the only original song worth its place. The rest of the music is mostly based on popular war-time ditties, which have lasted remarkably well. The effort was praiseworthy, but it was hardly worth while.

Look to the Rainbow/Apollo

Antony Thorncroft

American tourists, having done their duty to the London theatre at the National and the *Barbican, might like to unwind* with that familiar Broadway face Jack Gilford, who for two hours guides them benignly through the life and music of *Yip Harburg*.

Harburg may not be a famous name but he was very well known to Harold Arlen, Jerome Kern, Vernon Duke and more: he wrote the words for their melodies. Robert Cushman assembled around 40 of his lyrics, attached a few bio*graphical* words and had a success at the King's Head pub. This is a speedy transfer.

Transfers from the King's *Head* can be daunted by a bigger stage. The cast has been boosted from five to six, and the musicians from two to 12. More to the point another Broadway name, Luther Henderson (of *Ain't Misbehavin'*) has arranged the music for the band, perched high above the action. It is sweetly done, careful not to get in the way of the words, the purpose of it all, but smooth.

There was a touch of whimsy to Harburg and Gilford, a close friend, plays it to the full. He *has the face of a tortoise* with a sense of humour and is a genial master of ceremonies, watching complacently as his supporting troupers go through *their paces*. They are not helped by some bizarre costumes and a cumbersome staircase of a set. Mary More has charm: the others are Isabelle *Lucas*, Barbara *Rosenblat*, Simon Russell-Beale, Michael Cantwell and newcomer John Chester.

Robert Cushman has spurned *the opportunity to open up the* numbers on the larger stage, but tap on "It's only a paper moon," and actual acting in "When the idle poor became the idle rich," one of the better rarities, suggest what could have been done. For the rest there is little to do but sit back and let songs like "April in Paris," the hits from "Wizard of Oz" and Harburg's biggest contribution to music, and just about his first, "Brother, can you spare a dime," waft over you.

Saleroom/Anthony Thorncroft

Buyer's hustle

There was much bustle in the salerooms yesterday with Sotheby's in London coping with three important morning sales while Christie's in New York cleared up after an important auction of contemporary art which totalled \$4.2m (£3,340,275).

"Untitled," a 1960 oil by Franz Kline, sold for £692,914, an auction record for the artist. The rest of the sale went very much to plan, some expensive pictures selling, some not. Over 20 per cent was unsold: about *average for a contemporary* auction.

"Woman, Wind and Window II," by de Kooning found a buyer at £389,764; a large Morris Louis canvas, "Mu," made £303,150; "Ave Maria" by Hans *Hoffmann*, £216,535; and "The Forest" by David Smith, painted and welded steel on a wooden base, £207,874.

Sketches made by a Lutheran pastor while travelling in Africa and Asia in the 18th century attracted a great deal of interest at Sotheby's travel sale. Jan *Brandes* had a quaint eye, and Arader, the Philadelphia dealer, paid £55,000 for the group, well over twice Sotheby's high estimate.

Blaeu's great atlas, with 597 maps, produced in Amsterdam around 1655, was on target at £44,000 to Israel, while van *Keulen's charts of the late 17th* century made £42,900. An apparently unrecorded copy of Blaeu's "Novus Atlas" of 1634-1635, in its early form, sold for £33,000 to Israel.

Sotheby's had a success with the morning session of its decorative arts sale; a total of £220,022, and only 1.29 per cent unsold. A *Japanese* buyer paid a high £18,700 for a Gallé "marine" vase of around 1900, which had a £9,000 top estimate, while a Lalique gold, diamond, opal and enamel buckle of the same period went to Silver, the *London dealer, for £17,600*. Another buckle or cloak clasp, in silver, enamel and amethyst, this time designed by Ashbee, realised £7,150, as against a £2,500 top estimate.

In the afternoon a cabinet designed by Ashbee for the Guild of Handicraft sold to the *U.S. for £52,800. It* was recently unearthed in the north of England.

An Argy Rousseau pate de cristal vase of the 1920's sold for £10,450, five times its forecast

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Aid, trade and subsidies

IN TRADE policy, the gap between politicians' words and deeds shows no signs of narrowing. On Wednesday, Mr Yasuhiro Nakasone, the Japanese Prime Minister, joined with Chancellor Helmut Kohl of West Germany to denounce protectionism and call for a new round of trade talks. On the same day Mr Norman Tebbit, the British Trade and Industry Secretary, bitterly criticised the scale of Japanese soft loans which eliminated any chance of a British consortium winning a £450m Turkish contract to build bridge across the Bosporus.

The spectacle of leading industrial nations competing to subsidise a large capital project in a country such as Turkey which can afford something close to commercial terms is unattractive. The scale of Japanese subsidy in this instance appears to have been exceptionally large and the timing, in view of the Bonn Summit and Mr Nakasone's pledge to cut the Japanese trade surplus, particularly unfortunate. Nonetheless, Mr Tebbit's holier-than-thou attitude is not entirely convincing: had the UK consortium prevailed would there have beenw complaints in Parliament about the British subsidy?

Artificial link

The British Government's reputation for rational trade and aid policies was in any case slightly tarnished last week when it seemed to be trying to bully India into buying 21 helicopters from the troubled Westland group. India was told it could lose up to £45m of its bilateral aid of £115m if it failed to buy British — a fairly blatent example of industrial policy masquerading as aid.

If logic were the sole determinant of trade policies, developed countries might agree to cut the rather artificial link between aid and industrial policy. Ideally, companies whatever their origin would compete for projects in less-developed countries without the distorting influence of soft loans and other types of government subsidy. Aid would be extended unconditionally and donor countries would display it as they saw fit. In practice, however, countries will always be tempted to support their own companies; the question is how to move towards a less distorted system.

One possibility is to reach international agreement about the proportion of aid budgets which can be used to promote domestic industries. The UK Aid and Trade Provision—the cash allocated for soft loans and other aid for projects like the Bosporus bridge—is comparatively modest at £66m a year and is only about 5 per cent of the total aid budget. British officials complain that a far larger proportion of the Japanese aid budget is used to subsidise its own companies and that the absolute sums available for soft loans are some 40 times greater than in the UK. In order to clinch the Bosporus deal, a "show case" bridge contract, the Japanese were apparently prepared to extend four times as large a subsidy as the British.

Protectionism

When protection takes place shape of import controls—quotas, tariffs or even voluntary restraint—it is visible enough to cause the governments concerned some embarrassment. When it is disguised as subsidies for domestic companies (including export subsidies) the protection is less noticeable but no less damaging. Indeed, the General Agreement on Tariffs and Trade (Gatt) argues that "subsidies have become the main source of unfair competition." They represent "a transfer to particular groups at the expense of the public at large." Every country—argues Gatt—should, for each industry, draw up a "protection balance sheet" showing clearly the costs imposed on other sectors of the protection it enjoys.

The important point which is sometimes missed when countries wrangle over subsidies is that although profitable exports are desirable, exports at any cost are not. In the absence of multilateral agreement on less distortionary trade and aid policies, there is no rationale in copying or matching the protectionist policies of competitor countires. In most cases, as the Byatt report on export credits established, the elimination of subsidies—even on a unilateral basis—is likely to benefit the domestic economy.

New era for stock markets

PRICE deregulation—whether it be of stock exchange commissions, airline fares or freight rates—tends to have a broadly similar impact on very different types of industry. Ten years ago this week, the New York Stock Exchange abandoned its long established system of fixed brokerage commissions, and the patterns which have emerged since then are of direct relevance to the London market as it braces itself for a similar change.

Three general categories of winner have emerged. The first is the big, broadly based firm, which competes not so much on price as on service and convenience to the customer. To achieve this, such firms have been forced to diversify and to add significantly to their product range, so that groups like Merrill Lynch which used to earn over half their revenues from brokerage commissions now derive only about a fifth from this source.

Newcomers

Next comes the specialised firm, which has found a particular niche in which to prosper. Examples include some of the regionals, and brokers specialising in high-tech companies. Finally there are the firms—often complete newcomers to the business—which compete entirely on price. Discounters now account for about a fifth of the retail market in the U.S.

The losers have tended to be those middle of the road research houses, which lacked the resources to compete with the big battalions on service, and the flexibility to match the newcomers on price. Membership of the New York Society of Security Analysts fell by a fifth in the early years.

Another general theme has been that deregulation, once started, is impossible to hold in check—and the upshot can be far-reaching and quite unpredictable.

Immediately after May Day, Goldman Sachs tried to set a new price benchmark by announcing an 8 per cent cut on all institutional trades. In the event, discounts dropped like a stone for several years. Having averaged around 40 per cent since the late 1970s, they now show signs of widening further.

As for unpredictability, no-one could have foreseen that the growth of discount broking would provide an opportunity for the commercial banks to muscle into the securities industry.

For the customers, too, there have been pluses and minuses. Infrequent users of the market—small investors—have had to pay more.

Heavy users have been encouraged to change their whole approach to trading, so that the proportion of big block trades has soared from under 17 per cent of total business to 50 per cent and more today. The volume of shares traded annually now represents well over 50 per cent of all listed shares, compared with 21 per cent in 1975.

This in turn has had an important impact on the listed companies themselves. The cost of raising new capital—underwriting commissions and fees—has fallen sharply in this much more competitive environment. But shareholders have become much more trigger-happy.

The aftermath of May Day has played some part in the growth of hostile takeovers, which were very infrequent a dozen years ago. It has helped to spawn a whole new business of investor relations, directed mainly at institutional investors who have increasingly come to dominate trading activity.

Commitment

There are important differences between New York and London. Unlike Wall Street, where the changes were brought in over several years, the price cuts in London will take place with one big bang, and will be accompanied by wholesale changes both in the methods of trading and regulation.

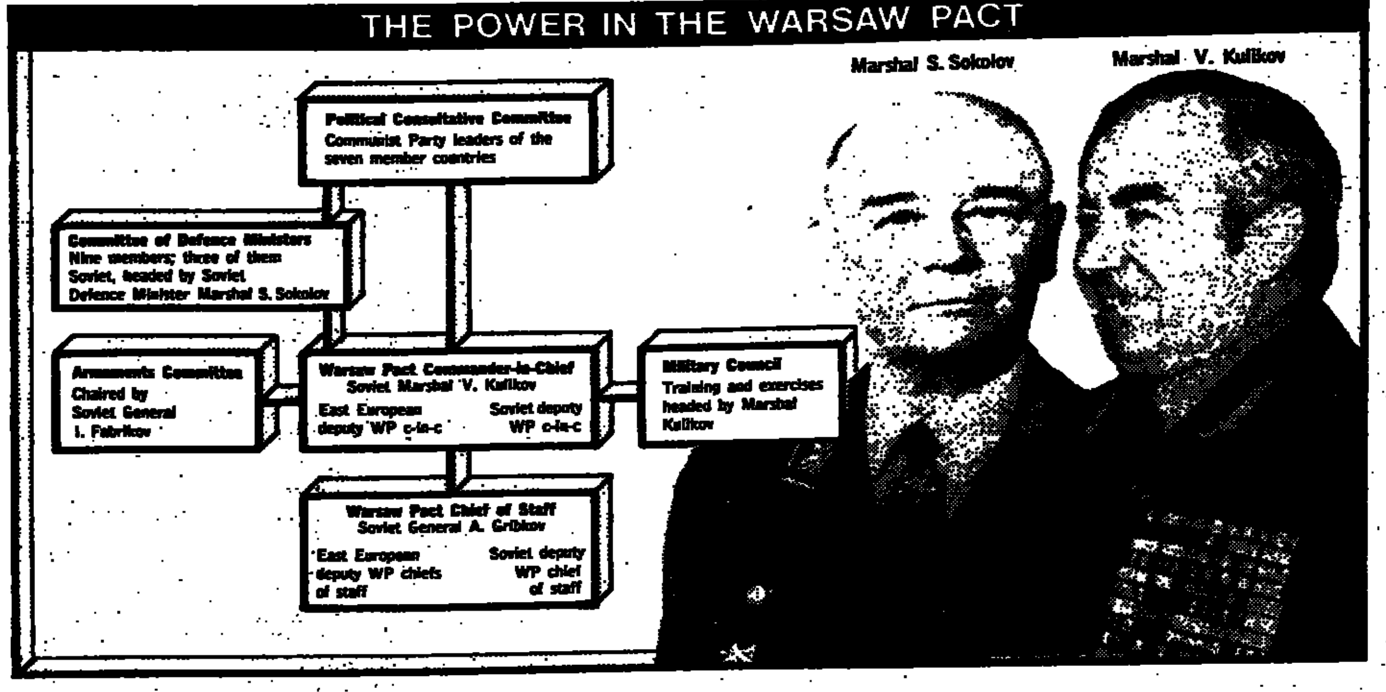
New capital has poured into the London market at a much earlier stage than it did in the U.S., and big commercial banks have made a major commitment to providing a full line securities business. For these reasons, the all but inevitable shake-out in London could be longer and messier than it was in New York.

But there is little doubt that over the long term, deregulation will make markets more healthy and efficient. The New York Stock Exchange now has 25 per cent more member firms than it did at the end of 1974—and no one wants to turn the clock back.

WARSAW PACT RENEWAL

A lid on the pressure cooker

By David Buchan, East Europe Correspondent



THIS WEEK in Poland it was tear gas on the streets as Solidarity supporters made their May Day marches; last week it was champagne under the chandeliers as Soviet bloc leaders met in the Polish capital to renew their Warsaw Pact alliance for another 30 years.

This dramatic juxtaposition of events underscores both the internal tensions that still bubble in parts of Eastern Europe, and the way in which the Warsaw Pact helps keep the lid on the East European pressure-cooker from blowing off altogether.

In its first 30 years, the pact has not only provided collective external defence against Nato. It has also proved an important mechanism of Soviet control over Eastern Europe — hobbling the allies' ability to act individually in their own defence — and increasingly useful to Moscow as it seeks to manage Eastern Europe's recurrent crises.

As such, it is a vital tool for Mr Mikhail Gorbachev. Yet the new Soviet leader will also probably have to take into account new pressure, albeit modest and diffident pressure, from East Europe for a greater say in alliance decision-making.

Renewal of the pact by all seven members was always a certainty. In theory any member can still secede. But the only open attempt to do so, by Hungary in 1956, brought swift Soviet vengeance (though the 1968 defection of tiny, distant Albania went unpunished). Even free-wheeling Romania, the France of the Warsaw Pact in the sense that it is not integrated into the Pact's military structure, quibbled privately about the length of treaty renewal, but was the first to declare publicly that it would sign for another term. The one thing that East European governments always insist is beyond the pale and will land anyone in jail, is for anyone advocate leaving the Warsaw Pact.

To an extent, it is fear of the Soviet Union that keeps the Warsaw Pact, like Nato, together, though of course one member, East Germany, depends for its very existence on Europe's division into blocs.

Yet the pact has offered many times to dissolve itself, if Nato would simultaneoulsy do likewise. That is not because the Soviet Union does not want or need allies, though allies are less important to it than to the U.S. (The Soviet Union provides 75 per cent of the pact's manpower and shoulders 80 per cent of its costs, while the U.S. fields only 42 per cent of Nato forces and meets 60 per cent of its costs.)

Rather, there are other factors underpinning Soviet security. Moscow keeps 31 divisions in Eastern Europe under bilateral treaties that pre-date, and would be unaffected by the disappearance of the Warsaw Pact. The official Soviet handbook (of 1980) on the Warsaw Pact says that its multilateral nature "in no way diminishes the significance" of those bilateral treaties.

Moscow also knows that its forces are strong and near to Eastern Europe in the event of war, while Nato has the North Atlantic to span. Thus, the Soviet Union could survive better without the Warsaw Pact than the U.S. without Nato.

But there is a very large measure of bluff in the Soviet offer to dissolve the pact, because in practice is serves three key Soviet interests:

- It helps legitimise the presence of the 565,000 Soviet troops in Eastern Europe, which as well as being an occupation force serve the *bona fide* military purpose of giving Soviet commanders forward deployment, for defence or attack, beyond Soviet borders. The matching presence of U.S. troops in Western Europe also helps justify the Soviet divisions in Eastern Europe.

An important mechanism of Soviet control

- It gives Moscow a solid foreign policy platform and leadership of a "socialist community" which it values all the more highly in view of the failure of the Soviet model to spread very far elsewhere in the world.
- The pact institutions help disable allied national defence systems, albeit in the name of greater "socialist integration." Moscow has used force against two allies (Hungary in 1956 and Czechoslovakia in 1968) and threatened a third (Poland in 1980-81), but would oblivously prefer not to do so. Thus, a key Soviet aim is to maintain a highly visible capability for intervention against what it sees as anti-Commmunist movements (Solidarity, or the 1956 Hungarian Government), or national Communist parties seeking too much independence from Moscow (Dubcek in Czechoslovakia).

But, should intimidation fail, the pact's structure and workings ensure that East European armies, with the exception of Romania, would find it hard, for lack of systematic training on their national soil and of indigenous equipment and logistics, to act on their own.

The pact's crisis management role seems to have increased over the years. Soviet forces acted alone in Hungary in 1956, under the guise of the pact with a few allied units in Czechoslovakia, and just before martial law was imposed in 1981, pact defence ministers met and Marshal Viktor Kulikov, the pact's c-in-c, visited Warsaw. This role is underscored by the fact that pact institutions seem to have little part to play in wartime. Once operations start, if the invasion of Czechoslovakia is any guide, the Soviet general staff takes over field command and logistics.

Providing political cement to the alliance is a common party network, organised by the section in the Soviet central committee, headed by Mr Konstantin Rusakov, which deals with "fraternal" parties. There is also inside the Soviet armed forces the Main Political Administration, led by General A. Epishev, whose numerous political officers at virtually all levels give propaganda "pep" talks and act as welfare officers, but also maintain close links with their "agit-prop" counterparts in allied armies. Annual conferences of defence journalists of pact countries also coordinate what they write about their alliance.

In addition to these "extra-curricular" means of control, there is heavy Soviet dominance of pact institutions, down to the sports committee headed by a Soviet officer. At the apex is the Political Consultative Committee composed of party leaders; but it meets only erratically and has no permanent representation, such as Nato has in the Nato Council in Brussels. As in Nato, the top commander is drawn from the alliance's most powerful member.

Thereafter, the differences from Nato increase. The military policy-making Committee of Defence Ministers has nine members, three of them ex-officio Soviet—the Soviet defence minister, the pact's commander in chief and the chief of staff—and the remaining six are the East European defence ministers. Marshal Kulikov heads the Military Council which organises training and exercises, while another Soviet officer, the aptly-named Col General I. Fabrikov (fabrika is Russian for factory) head the Armaments Committee, which along with the Military-industrial Commission of Comecon organises weapons R and D and procurement. Numerous Soviet officers are also attached to East European defence ministries and military headquarters.

The time has long gone when Moscow provided an Eastern European country with its defence minister—in 1949, Stalin made Marshal Rokossovsky, a Russian of Polish origin, Polish Defence Minister. (That trauma helps to explain why General Jaruzelski was so sensitive to Mr Caspar Weinberger's remark that he was a Russian general in Polish uniform.)

But the Polish leader is himself an alumnus of the Soviet Voroshilov Academy (for general staff officers). A limited number of East European officers go to some of the 133 Soviet undergraduate military academies. But the main point of entry for most of them into the Soviet military education system are the 16 Soviet mid-career academies, of which the most prestigious are Voroshilov and the Frunze Academy. With the exception of Poland, whose army is the pact's second largest and the size of France's, such specialised schools (for engineering, communications, and so on) do not exist elsewhere in the East. The exception is Romania which now trains all its officers at home.

In these Soviet academies, East European officers have drummed into them that it is possible to keep the peace, or to prevail in war, only through fraternal socialist effort, and that for a socialist country to rely on its own defence efforts is heresy (of the Maoist or Titoist variety). The lesson is underscored by the pattern of pact exercises. According to one Western study, for any given East European army (barring Romania), no more than one-third of total exercises are conducted exclusively on national territory and at least one-third solely on foreign allied soil (the rest is a mix of both) and most of them under foreign allied (usually Soviet) command.

Restiveness over build-up of nuclear missiles

Generally, East European armies do not exercise at the level of entire national forces, but temporarily integrate selected forces with local Soviet troops. There is some variance in this, perhaps according to the prevailing degree of Soviet trust. Soviet mistrust is at a peak after a revolt or crisis, as shown by the fact that Moscow doubled its divisions (from two to four) in Hungary after 1956 and installed troops permanently in Czechslovakia for the first time after 1968. Recently, however, the East German army, which happens to be the only one directly under pact command in peacetime, exercised as an entire national unit. This could reflect a lack of "trouble" since 1953, as well as the need for maximum efficiency on the pact's front line.

The reliability, or unreliability, of East European forces is much studied in the West.

And with reason, for there are latent anti-Russian sentiments in many pact countries, and other historic antipathies.

If attacked by Nato, all pact members would probably give a good account of themselves; if attacking Nato, many would not. East Germans, for instance, might baulk at initiating what for them would be an inter-German civil war. But for all this analysis, Nato cannot count on East European disloyalty and does what military organisations do everywhere: prepare for the worst, which in this case is Warsaw Pact loyalty en bloc.

From the Soviet newpoint, then, the Warsaw Pact looks like a success and worth extending. But it has run into problems on defence spending and weapons production, two issues which have plagued Nato.

Moscow first prodded its allies to raise their defence spending in 1965, and then again in 1978 (in response to Nato's proclaimed targeted annual increases of 3 per cent). More recently, it has got East Germany and Czechoslovakia to pay some of the infrastructure cost of basing new Soviet missiles in their countries. The response from Roumania has been zero, while the rest of Eastern Europe has, very plausibly, pleaded economic incapacity to spend more on defence.

The problem of weapons production is not so much the issue of standarisation that dogs Nato, though some snags arise. For instance, at least until recently, the Soviet and Czech versions of the same Kalashnikov rifle di d not have interchangable magazines. The main bone of contention is the apparent Soviet failure to involve the pact's only two other sizeable arms makers, Poland and Czechoslovakia, more in joint collaboration and research.

The Soviets generally transfer technical documentation for weapons only after they have started serial production at home, thus keeping the Poles and Czechs out of basic research, while few of the indigenous weapons produced by the latter two countries find a home in the Red Army. It is all very similar to Western Europe's complaint about the lack of a "two-way street" in arms production with the U.S.

No major institutional shake-up of the Warsaw Pact, comparable to that after 1968 when the Committee of Defence Ministers was set up to give the East Europeans more say, at least on conventional military matters, is in prospect.

But Moscow's allies have recently grown restive about the build-up of medium-range nuclear missiles in both West and East Europe, the nuclear issue that concerns them most. The Soviet Union is unlikely to set up any equivalent of Nato's Nuclear Planning Group (NPG) to institutionalise consultations with its allies on nuclear arms policy.

But earlier this year, and before the opening of the U.S.-Soviet arms talks, East European ministers were summoned to the Soviet capital to give the Kremlin their views on medium-range missiles, the first such meeting convened specially on this issue. Moscow's allies say they hope Mr Gorbachev will turn this into a trend of closer pact consultation.

Men and Matters

India's peace-maker

The Indian who will have the delicate task of patching up relations between Delhi and London over the now almost inevitable loss of Westland's helicopter order from India is the top civil servant who wielded most power during Mrs Indira Gandhi's last term of office as Prime Minister.

He is P. C. Alexander, who has been suggested to the UK Government as the next Indian High Commissioner in London.

Alexander hit the headlines around the world in January when he resigned as principal secretary to the Prime Minister as India's spy scandal began to surface.

Some clerks in his office, which handled almost every secret paper circulating around the Indian Government, were arrested for selling documents to France and other countries, includingt he USSR, Poland and East Germany.

Alexander immediately offered his resignation. Rajiv Gandhi, stressing that Alexander himself was above suspicion, reluctantly accepted it.

Alexander's experience was missed in Delhi's Cabinet Office—and there has been constant speculation about his return.

Aged 64, a stern administrator who worked for many years at the UN as well as being Secretary for Commerce and Foreign Trade in Delhi, Alexander will arrive in London at a time when relations between the two countries have been through a rough spell.

The helicopter fracas will probably soon be forgotten by most people. But there is the continuing problem of Sikh activists living in the UK whose calls for an independent Sikh state cause recurrent friction.

Rajiv Gandhi is expected to visit the UK in October—so Alexander will probably be aiming to stabilise the relationship by then.

Last round-up

Wells Fargo likes to foster its wild west image. Its latest annual report has a cover showing six horses hauling a stagecoach through a dusty sunset.

But was the bank responsible for the way news of the closure of its London branch came over the wires yesterday?

The fish read, "Wells Fargo closes London ranch."

Appropriately the homestead is in Long Acre.

Legal limits

The ending of the long-running tax battle over the estate of the late Sir Charles Clore produced a flurry of erudite legal wit in the Royal Court, Jersey, this week.

The judge, Deputy Bailiff Peter Grills, offered his version of a Latin epigram. He had, he said, been wating for some time (presumably since Lord Templeman made a dramatic intervention in the case three years ago) for the chance to say one thing—"O Templeman, O Mores."

A lawyer in court murmured that perhaps "O Templeman, O Clores" might be more.

Another lawyer, in an equally arcane reference to the Inland Revenue's legal team in which Matthew Furey from the Revenue solicitors' department had played a leading role, spoke of the Clore estate having been relentlessy pursued by the "avenging furies."

Sub-culture

Dr Rodney Leach, nuclear physicist and former management consultant, is moving into the arcane world of nuclear submarines with his appointment as the new head of the Vickers shipbuilding yard at Barrow-in-Furness, Lancashire.

It is a far cray from his previous job as main board director of P & O, responsible for cruises and ferries. Heleft the group recently after chairman, Sir Jeffrey Sterling, put through a major management reshuffle.

There was no quarrel, says Leach, 53, who reckons he and Sterling are alike in seeking involvement in every aspect of business and tending to make quick decisions. "I've always felt a leader has got tolead; that's what I intend to do at Vickers."

The yard, part of state-owned British Shipbuilders and due for privatisation, will be heavily committed in coming years to the £10bn Trident nuclear submarine programme. Leach also intends to seek out export orders for submarines.

"I had about a dozen ships built while I was at P & O," notes Leach, who joined the company from McKinsey management consutlancy where where he was a partner. The last vessel was the grandest, the $150m Royal Princess cruise liner which Warsila of Finland completed last winter.

He becomes managing director of the Vickers yard next month. "It brings together rather neatly three phases of my career. I spent 10 years as a nuclear engineer, another10 in consulting, and 10 in shipping management."

Vickers was notionalised in 1977 and is now part of the European court case in which the former owners of shipbuilding and aircraft companies are seeking more compensation. "I'm really quite excited," he says of the task of running the yard. "It's large-scale project management with nuclear technology."

Alcan snagged

The story of Alcan by Duncan Campbell—called Global Mission—reminds me of two North American industrialists. One was saying, "You know: you can know too much about aluminium."

But Campbell puts some colour into his industry's history. In the 1930s the British Aluminium Company sent alumina to Arvida in Canada. It arived in jute bags with cotton liners, which were to be returned for credit payments of 35 cents a liner.

Casual labour was employed to empty the bags.

When Alcan came to ship the bags back and pick up the credit they found they were several hundred bags short. They had been taken home to the wives who had washed them and made underwear.

Campbell says "There must have been dozens of pairs of pants in the area bearing the caption, "Use No Hooks."

Fare trial?

Chefs at London's Cafe Royal face the supreme test today Guests have been invitedt o a lunch there to discuss the problems of on-going indigestion.

Observer

BASE LENDING RATES

A.B.N. Bank	12½%	Hongkong & Shanghai	12½%
Allied Irish Bank	12½%	Johnson Matthey Bkrs.	13 %
American Express Bk.	12½%	Knowsley & Co. Ltd.	13½%
■ Henry Ansbacher	12½%	Lloyds Bank	12½%
Amro Bank	12½%	Edward Manson & Co.	14 %
Associates Cap. Corp.	14 %	Meghraj & Sons Ltd.	12½%
Banco de Bilbao	12½%	Midland Bank	12½%
Bank Hapoalim	12½%	■ Morgan Grenfell	12½%
BCCI	12½%	Mount-Credit Corp. Ltd.	12½%
Bank of Ireland	12½%	National Bk. of Kuwait	12½%
Bank of Cyprus	12½%	National Girobank	12½%
Bank of India	12½%	National Westminster	12½%
Bank of Scotland	12½%	Northern Bank Ltd.	12½%
Banque Belge Ltd.	12½%	Norwich Gen. Trust	12½%
Barclays Bank	12½%	People's Trust	14 %
Beneficial Trust Ltd.	13½%	Provincial Trust Ltd.	13½%
Brit. Bank of Mid. East	12½%	R. Raphael & Sons	12½%
■ Brown Shipley	13 %	P. S. Refson	12½%
CL Bank Nederland	12½%	Roxburghe Guarantee	13½%
Canada Permanent	12½%	Royal Bank of Scotland	12½%
Cayzer Ltd.	12½%	Royal Trust Co. Canada	12½%
Cedar Holdings	14 %	■ J. Henry Schroder Wagg	12½%
■ Charterhouse Japhet	12½%	Standard Chartered	‖12½%
Choulartons**		TCB	12½%
Citibank NA	12½%	Trustee Savings Bank	12½%
Citibank Savings	¶12½%	United Bank of Kuwait	12½%
Clydesdale Bank	12½%	United Mizrahi Bank	12½%
C. E. Coates & Co. Ltd.	13½%	Westpac Banking Corp.	13 %
Comm. Bk. N. East	13 %	Whiteaway Laidlaw	13½%
Consolidated Credits	12½%	Williams & Glyn's	12½%
Co-operative Bank	*12½%	Wintrust Secs. Ltd.	12½%
The Cyprus Popular Bk.	12½%	Yorkshire Bank	12½%
Dunbar & Co. Ltd.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13½%		
■ Robert Fleming & Co.	12½%		
Robert Fraser & Ptns.	13½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		
■ Hambros Bank	12½%		
Heritable & Gen. Trust	12½%		
■ Hill Samuel	§12½%		
C. Hoare & Co.	12½%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

POLITICS TODAY

Louder voices offstage

By Malcolm Rutherford

ONE OF the most poignant departures from the political scene was that of Lyndon Johnson in 1968. President Johnson was a consummate politician. He knew almost everything about power and therefore realised when he was losing it.

His power began to decline when he could not take domestic opinion and, particularly, his own Democratic Party with him on Vietnam. There is a limit to the amount of political capital that any leader has. Johnson's was running out, both at home and abroad. So he surprised everyone by deciding not to stand for re-election, even though he might have won.

What recalled that episode was watching President Reagan's interview on Channel 4 just before this week's summit meeting in Bonn. He no longer seemed the same Reagan of a few months ago. There were no one-liners. Instead he seemed a deeply troubled man, defeated at home by Congress over Nicaragua, worried by the American trade and budget deficits and strained by the approaching visit to the German war cemetery in Bitburg.

A couple of points might be made in his defence. The first is that the only case against the visit to Bitburg that seems to me to stand up is that of political expediency. Some of the SS men buried there were

The Bitburg gesture was not worth the political reaction

victims of a situation that was not of their own making, and it is uncharitable as well as unhistorical not to admit it.

Yet it is also apparently impolitic to take reconciliation that far. Better politicians and political advisers in West Germany and the U.S. would have seen that in advance; the gesture was not worth the political reaction. Now the damage has been done and there must be a question mark about the political judgment of both President Reagan and Chancellor Kohl.

The second point in Mr Reagan's defence was put rather surprisingly by Ms Geraldine Ferraro, Mr Walter Mondale's running-mate in last year's presidential election, in conversation with me this week. Sure, she said, he's a lame duck President in the sense that he can't run again. Sure, he's making mistakes, but he's being obliged to change his policies—on the deficit, on Nicaragua—by Congress. No-one should worry about it. It's part of the American system.

In other words, the system is stronger than the President. America will survive as strong as ever even if Mr Reagan spends the next three years in decline. I did not depart from the interview entirely convinced. These are not the best of times to have a weakening American leader.

Questions about a leader's political stock or capital—how long it lasts and how it should be spent—are becoming current again in Britain. As Mrs Thatcher said on the BBC World Service on Sunday, she will be 60 in October and wants to go on for a fair time yet. If she wins the next election, it will be an almost incomparable political achievement in modern times in a democracy. President de Gaulle is the closest analogue, though under a different system. It is worth examining the odds.

On the face of it, they do not look too good. There have been many examples of effective leaders becoming tired, unpopular or discredited over time: Pompidou and Giscard in France, Schmidt in West Germany, Macmillan in Britain. A strong case can be made for saying that after six years or so, the zest, the flair, the imagination, the political instinct all tend to run out and the strains begin to tell.

The Tories ruled for 13 years from 1951 to 1964, but had four Prime Ministers in the period.

Also, the electorate tends to become bored and opposition parties can recover quite dramatically. West Germany's Christian Democrats once thought that they might never return to power, but they did. The Social Democrats may be showing similar powers of recovery now.

Equally in Britain, one can no longer seriously dispute that the Labour Party has arrested

Mrs Thatcher and President Reagan; will their political stock decline?

its decline. The idea of Mr Neil Kinnock as Prime Minister has ceased to be regarded as an impossibility. Indeed, a surprising number of people seem to regard it as in the natural order of things, given time. Mr Kinock is being very clever about not giving hostages to fortune: for example, promises of wholesale renationalisation. By the next general election he might well have gone much further in modernising the Labour Party machine.

There is also the Alliance in the wings. From all the anecdotal and polling evidence that one can gather, the thought of a change of government no longer inspires such consternation as it did a year or so ago.

Not least, aspirants to the leadership tend to become restless if the incumbent stays too long. Mr Peter Walker, the Energy Secretary, for instance, seemed to put his hat further into the ring when he delivered the Iain Macleod lecture in Cambridge last night.

It is true that there was nothing in his speech that could be literally interpreted as a specific attack on a particular government policy. But there was not much in it that was a defence of the Government either. Note especially the peroration, quoting from Macleod:

"Before we meet again in conference we shall be called upon to convince the electorate that we stand for humility as well as efficiency, for compassion as well as competition, and that for us even the pursuit of excellence is but part of the pursuit of happiness. It is because I believe that we can meet this double challenge to heart as well as head that I long for confrontation at the polls, and when that is behind us I look forward with relish, but with humility, to the chance that our party will have of placing hand and head and heart in the service of our people and of our country."

It does not take much political nous to see that Mr Walker is reminding anyone who wants to listen that there is an alternative Conservative Party to Mrs Thatcher's and that he would be available to lead it. And if he were to come further into the open in the battle for the succession, others might follow. That seems to me a natural consequence of the present leader being in power so long. The Tory Party at the moment is not in a very stable condition.

Yet Mrs Thatcher has advantages, too. The sheer size of her majority means that it would require an almost unprecedented swing for the Conservatives to lose the next election. There are also still two oppositions, fighting each other. Again, the latest CBI survey of the economy looks rather cheering. If the hint of a drop in unemployment were to be fulfilled, one of the main charges against her administration would begin to fall away.

Nevertheless, it seems to me that on balance the Government does have cause for concern and that much will depend on what happens in the next few months: say between now and the Queen's Speech in the autumn.

One of the troubles is that it looks as if it has lost momentum. The first year of Mrs Thatcher's second term was notable for its number of banana skins. The second was obscured by the amount of legislative time and political energy spent on the reform of local government. It is highly doubtful whether that is proving a worthwhile exercise. The Government survived a major division in the House of Lords this week by only four votes, which is too close for comfort.

To lose the third year in similarly minor, but seemingly endless, legislation would be exceedingly careless.

That is where Mr Norman Fowler's review of social security benefits comes in. It should be judged on whether it really does offer simplification of the existing system and whether it provides more help to those who need it most. Anything less will look like tinkering and hardly worth the effort. The Government is in enough trouble with single issue lobbies for it to be unwise to get into any more for the sake of reforms that make very little difference.

There is also the cost side. If Mr Fowler wins in his insistence that there should be few immediate savings, the pressure from the Treasury to cut public expenditure elsewhere will be enormous. If that in turn is resisted as it might well be since no department wants to cut voluntarily—the scope for any significant reduction in taxation will be almost disappear. A sad comment on original intentions.

That is what the Government and the Conservative Party need to contemplate in the next few weeks. It came into office to be radical. It seems to have fallen into the hands of the tinkerers and the consolidators. In the process it no longer looks especially dynamic.

In the hands of the tinkerers and consolidators

Mrs Thatcher's political stock is based on her reputation for stirring things up. If all that happens is a continuation of the muddles and confusions of the last two years, she will deserve to see it fall. For all the other circumstances are against a leader continuing to flourish for almost a decade. Consolidation is not her natural style; others could do it better and there are plenty of them waiting, whether in the Tory Party or outside.

Lombard

Pandora's money box

By Nicholas Colchester

TWO CONSIDERATIONS may prompt President Mitterrand to phase out France's exchange controls. He wants to usurp the policies of the Conservative opposition, which is committed to their removal. He knows that Europe can never advance, as he would wish, towards an ECU-based monetary system without the French making this contributory change—the West Germans, who harbour deep-seated reservations about the downgrading of the D-Mark, would demand it as a quid pro quo.

But as he and his advisers ponder this substantial decision they need to remember a golden rule about financial deregulation. It invariably leads to strange mutations in a financial system that have nothing to do with the original aim of the change. Thus the modest deregulation of interest rates in the U.S. might merely have been expected to allocate credit a little more efficiently. In fact it triggered a profound shake-up in the U.S. credit industry which has still not run its course.

In the UK, the abolition of exchange controls had its desired effect of offsetting sterling's petrocurrency status with capital outflows. But no one predicted that it would lead to the upheaval of the City's securities industry that we are witnessing today. In fact the UK provides the French with an interesting European case study of how the removal of exchange controls will erode dirigisme and privilege in the French financial markets.

Between 1979, when British exchange controls were lifted, and the end of 1983, the share of foreign securities in the portfolios of British investment institutions rose from about 8 per cent to about 16 per cent and then levelled off. These are average figures: the investment trusts moved their share above 50 per cent and the unit trusts approached 40 per cent, but they are heavily outweighed by less adventurous pension and insurance funds.

All told, the value of foreign shares in British portfolios went from £7.1bn at the end of 1979 to £38.2bn at the end of 1983 of which about half were U.S. securities and one quarter Japanese. Of the increase of £31.1bn, the greater part, £18.6bn, was due to the rise of the dollar and of securities prices in overseas markets.

The very satisfactory return on this overseas investment is interesting in itself, but what concerns us here is the balance, the £12.6bn of net new overseas portfolio investment over the period. This would seem to be a measure of the securities component of the "great escape" unleashed in 1979.

Straw polls and anecdotal evidence suggest that some 90 per cent of this outflow of British wealth was handled by foreign brokers. This sudden loss of business, previously preserved by exchange controls for the Stock Exchange's unique single-capacity broking system, was a much more compelling argument for change than the concurrent government challenge to this system under the Restrictive Trade Practices law. It was compounded by the new ability of British investors to turn to foreign financial markets for their purchases of major British securities, like BP, or of other overseas securities, like goldmining shares, which had been the traditional preserve of British brokers and jobbers.

Even in today's City, the securities firms forget how the removal of exchange controls was the development that made the present upheaval of their lives inevitable. Some of them still cling to the belief that the Stock Exchange can be preserved as a cosy Sargasso in the ocean of the international capital markets. The continuing rearguard action against the Exchange's new constitution is an example of this.

The French have not yet opened themselves to this experience. President Mitterrand's advisers are probably thinking about exchange controls mainly in terms of flight of capital and the outlook for the franc. Yet it is much more likely to be the impact of the removal of these controls on France's interventionist financial system that makes the move an historic one.

Letters to the Editor

Party political donations

From the Chairman, BSM Holdings

Sir,—BSM is apparently being defended by David Steel (May 2) for its donation of £188,000 to the Liberal Party made in 1983. This donation comprised £40,000 given to the General Election fund, £85,000 for the reorganisation of the central party office and the balance of £63,000 to be spent in 1984 and 1985 to complete the re-organisation programme. The "defence" arises from the reported attack by Bill Keys, chairman of the Trade Union Co-ordinating Committee, who said that the donation was incompatible with Alliance criticism of trade union funding. Alliance policy is to have some state funding of political parties while continuing to allow corporations and trade unions to make financial contributions. Our condemnation of the present system is that neither trade unionists nor shareholders are consulted before significant donations are approved and given, and furthermore, seeing that 40 per cent of trade union members did not vote for the Labour Party it would seem to be fair that they should have the right to contract out from giving donations to that Party.

In our case the situation was entirely different, as I would suspect Bill Keys knows. We are a private company with five shareholders and approval was obtained from all before the donation was made. If we are to be criticised for anything it is perhaps for not following Alliance Party policy in having a secret postal ballot; we did in fact agree this matter across the dinner table.

Speaking for myself I only regret that we are not able to manage a donation of a similar size each year, for as joint treasurer of the Liberal Party I am aware of our need for perhaps 25 annual corporate donations of, say, £10,000 right up to the next General Election to assist us in maintaining our growing political strength. As many chairmen of large corporations who give to the Conservative Party know, it is only a matter of time before the electoral pendulum swings away from the Government.

May I add that a House of Commons early day motion alleges that I and the Liberal Party tried to keep the donation secret. This is palpably untrue as corporate donations to political parties are automatically shown in company accounts to which the public have full access.

Anthony Jacobs.
81-87 Hartfield Road, SW19.

State pension changes

From Mr J. Hough

Sir,—The proposed abolition of the state earnings related pension scheme (Serps) being discussed by the Cabinet has received comment from the Press which has centred on the argument between the DHSS and the Treasury. This is apparently over the likely increase in private pension plans and consequent loss in revenue to the Government through associated tax reliefs.

Many employers who do not cover their employees under a pension plan are simply attempting to avoid costs—not because of the existence of Serps. Indeed, many small employers are not actually aware of the existence of Serps. The same applies to employees who voluntarily do not choose to join pension plans. If Serps is abolished I therefore doubt whether there will be a great increase in private pensions—unless there is a compulsory requirement by the Government! The loss of tax revenue argument will therefore mostly apply to the minority of employees who are currently "contracted-in" to Serps and their employer runs a pension plan where the benefits provided have consciously been designed to sit on top of Serps. With abolition the employer will probably increase the pension benefits and consequently the contributions paid to the pension.

Most employees are currently "contracted-out" by their employer who provides a pension at least equivalent to Serps. Many of these employers have designed this pension around the basic state pension. If the basic state pensions are increased with the abolition of Serps, then the private pension plan will be correspondingly reduced. The main long term effect is contribution rates to these pension funds which fall significantly reducing institutional money invested in the capital markets.

Following abolition the existing pension rights under Serps are to be safeguarded—presumably against inflation. It is administratively complicated and costly for an employer to be contracted out and they will be anxious to "buy-back" these accrued Serps from the state with money from the private pension plans. Even if the Government attempts to forcibly phase such buy-backs employers have an existing legal right to this buy-back option and will pre-empt the legislation as the proposals become more certain. Very large sums of institutional money will then flow out of the investment markets into the Government.

There is currently a rebate of NI contributions for the sponsoring employer and the employees of a "contracted-out" pension plan in return for taking over the liability of Serps. The abolition of this rebate and further reconstruction of NI contributions will be the important cost factor for employers.

The net effect of the third and fourth paragraphs would be quite dramatic on investment market values and the investment industry, which is already undergoing a costly restructuring.

John Hough.
21 Tothill Street, SW1.

Import surcharge by the U.S.A.

From Mr D. Roy

Sir,—Samuel Brittan, perhaps for reasons of space, failed to refer (April 25) to the fiscal consequences of an import surcharge by the United States. One of 40 per cent—equivalent in its effect on the current account to an effective depreciation of 17 per cent—would raise around $130bn per annum in government revenue and thus remove any need for the U.S. to import capital. Given unchanged monetary policy, domestic interest rates would fall, bringing down in their train the dollar exchange rate to a level consistent with current balance (allowing for the tariff this would be around 110 on the index currently used by the International Monetary Fund). Such an adjustment would raise prices there by about 10 per cent over four years.

Lower dollar interest rates and a fall in the value of the dollar would compensate debtor nations such as Brazil and Mexico for the loss of export demand from the U.S. and thus permit some degree of domestic stimulus, important for the maintenance of some degree of political and social stability in them. It would also oblige the Japanese to redirect their surplus of savings to them and to other middle income developing countries, all of which have far better growth potential than the U.S. A lower dollar and lower international interest rates would also permit cautious fiscal reflation in continental western Europe. Both a better distribution of and a higher level of economic activity and welfare would ensue.

The analogy with the Smoot-Hawley tariff is perverse. In the 1920s, the problem was that of excessive saving in a net creditor nation. In the 1980s it is that of insufficient saving in one fast becoming a net debtor. Smoot-Hawley amplified imbalances in the international economy. A tariff by the U.S. today would help to eliminate them and thus reduce the risk of the events of the early 1930s repeating themselves. It is thus an acceptable second-best solution to the problem of dollar overvaluation; not as good as fiscal adjustment by other means but very much better than a major relaxation in the stance of monetary policy in the U.S. (which really could trigger both default and inflation—and thus a breakdown in international monetary and trading arrangements).

Donald Roy.
Flat 2,
58a Hazlewell Road, SW15.

The relevance of salaries

From Mr C. Bexon

Sir,—It is quite remarkable that an article headed "a plea for enlightened recruitment" (April 25), and addressed to companies in the information technology sector, has run to some 1100 words without even mentioning comparative salary levels. It is especially remarkable bearing in mind the comparisons drawn by the authors between the practices of the accounting profession and those of companies in IT. Gordon Clifton (April 26) is quite right: there are "puzzling aspects to the situation." Indeed the silence on the relevance of salaries seems almost deafening.

On the one hand, several leading companies who are significant employers of graduate engineers repeatedly complain of shortages in a number of key disciplines. On the other, the reward practices of some of these companies at the recruitment stage and beyond—at least as far as graduate engineers are concerned—can best be described as antediluvian.

The factors influencing the supply of a particular type of expertise through time are several and complex. But in the longer term the principles of the market economy apply in this field as in others. The supply of engineering expertise, in terms of quantity and quality, will certainly be affected by the value companies are prepared to place on their contribution.

The whole issue if of great relevance if we are to retain a foothold in the international manufacturing economy. It should be central to any discussion of "enlightened recruitment."

Colin Bexon.
52, Gloucester Street, SW1.

FINANCIAL TIMES

Friday May 3 1985

Italy faces slower economic growth

By James Buxton in Rome

ITALY faces slower economic growth and a sharply higher deficit on the balance of payments current account, the Italian Government was warned yesterday.

Isco, the government-funded economic forecasting organisation, said that growth this year would be about 2.3 per cent, compared with its figure for last year of 2.8 per cent, while the current account deficit would reach L8,500bn ($4.27bn).

This compares with a current account deficit for last year of more than L5,000bn. Isco also made discouraging forecast for 1986.

Isco said that inflation this year would on present trends average 8.5 per cent. This means that the Government target of an average inflation rate of 7 per cent would not be attained.

Last month inflation ran at an annual rate of 8.8 per cent.

The forecasts confirm the views of several ministers and qualified observers that the Italian economy faces a far more difficult year than it enjoyed in 1984.

Isco attributes the continuation of a fairly high inflation rate to the difficulties of containing state spending. It also warns that the international economic climate is becoming less favourable to expansion, without an easing of the tension in world financial markets. There is a danger, it says, of the cost of money remaining high and having a damaging effect on Italy, which is heavily in debt both internally and externally.

It points out that not only is the Government approaching important local elections, due on May 12, which make unpopular economic measures virtually impossible, but that Italy also faces a referendum on wage indexation, set for June 9, which could set off a new rise in labour costs.

It said that if the authorities do not take corrective action, growth next year will decline to about 2 per cent, inflation will descend only to 7 per cent and the current account deficit will decline only slightly to L7bn.

Rome investment pledge, Page 2

London to sell final 48.8% Britoil stake

Continued from Page 1

account receipts of about £90m from the repayment by the company of a debenture stock.

The small shareholder bonus is payable this November and entitles individuals who bought no more than 2,000 shares in the first offer for sale and retained them for three years to a bonus issue of one further share for every 10 shares held.

The initial sale of shares in Britoil, which had been the production arm of the British National Oil Corporation, was a flop, with about 70 per cent of the shares being left with the underwriters. The share price is now 220p, against the original 1982 offer price of 215p and shows some capital gain for those who still have their shares from the original offer.

At 220p a share, the sale would net about £540m for the Government.

The Government will retain its "golden share" in Britoil, which is designed to prevent the company being taken over without Government approval.

Britoil is the UK's largest independent oil company producing oil at a rate of 170,000 barrels a day, almost all of it in the North Sea. In March, the company announced record pre-tax profits of £688m, and at that time the company's chairman, Sir Philip Shelbourne, said that until the Government sold the rest of its shares, the company was unable to use its shares to make acquisitions.

Stockholm fears impact of strikes on economy

BY DAVID BROWN IN STOCKHOLM

SWEDEN'S white collar government workers union, which has severed all domestic and international air links, frozen railway freight movements and crippled foreign trade in a day-old selective strike, faces retaliatory action today as the nation's labour unrest escalates.

A Government negotiating board will announce details of a lock-out which will affect 100,000 members of the TCO-S union starting today. It is aimed at forcing an early settlement of the strike.

The conflict is emerging as a serious threat to the Social Democratic Government's economic strategy, just as the hotly contested national general election campaign gets under way.

TCO-S leaders yesterday called out on strike 20,000 key state workers – including air traffic controllers and customs officers as well as a number of policemen and other public servants – in support of a controversial retroactive pay claim.

After a Government-appointed mediating commission emerged empty handed from last-ditch bargaining sessions yesterday, neither side was optimistic about the prospect of an early settlement.

Prime Minister Olof Palme called the strike decision "treacherous," pointing to the union's previous agreement to keep its wage demand within the Government's voluntary limit. While dismissing speculation of direct intervention on the labour market, he refused to rule out the possibility.

Mr Kjell-Olof Feldt, the Finance Minister, warned of the "grave economic consequences" of a protracted strike.

The 265,000-member union of white collar state employees says its wages fell behind those of private sector workers by 3.1 per cent in 1984, and it is seeking compensation this year

The Government has flatly refused, partly in an effort to hold back similar inflationary demands from the rest of the public sector.

TCO-S says its strike fund is adequate to support an action until the general election this September but a conflict of this duration is thought highly unlikely.

Sweden's biggest post-war labour battle in 1980 lasted only two weeks, but it shaved half a percentage point from that year's GNP.

Wells Fargo to close London branch in foreign restructuring

BY OUR BANKING CORRESPONDENT IN LONDON

WELLS FARGO, the large Californian bank, is to close its operations in London as part of a reshaping of its foreign business.

Its decision marks by far the largest departure from the London banking scene in recent memory and means London can no longer claim to host the 100 largest banks in the world.

Wells Fargo is the 12th largest bank in the U.S. and 78th in the world league prepared by The Banker magazine.

Wells Fargo has been represented in London since 1969, and has a branch as well as a finance house subsidiary, Wells Fargo Ltd. It has surrendered its licence as a UK recognised bank.

Staff were notified yesterday that their employment would cease on September 30. The bank currently employs 58 people, down from a total last year of 75. The branch acted as a co-ordinating centre for the bank's business in Europe, Africa and the Middle East, and this will be transferred back to the headquarters in San Francisco.

The decision to leave is part of a broader strategic move to concentrate the bank's activities on the California market and the Pacific rim. Branches in Madrid, Jakarta, Kuala Lumpur, Bangkok, Manila and Taiwan are also being closed. In addition, the bank is shutting down its Edge Act branch in New York through which it is permitted to finance international trade outside its home state.

In future, its international business will be grouped round California, Hong Kong, Tokyo, Seoul and Singapore.

London has more than 470 foreign banks and only a few months ago achieved the unique distinction of having the 100 largest when Credit Agricole and Norinchukin Bank, the farm banks of France and Japan respectivly, opened branches.

Until Wells Fargo's departure, most of the banks that left were small or regional banks which failed to make a profit on the London market.

UK banks find a capital answer as Lloyds note wins approval

David Lascelles, Banking Correspondent, explains why Lloyds $600m perpetual floating rate note issue marks a significant advance in funding techniques for British banks.

A PERPETUAL floating rate note deemed convertible into preferred stock hardly sounds like the stuff of drama. But the $600m issue launched by Lloyds Bank this week marks one of the most significant advances in UK bank funding techniques for many years.

Apart from being the first issue to qualify under the Bank of England's new definition of "primary capital" as a measure of bank strength, it opens up a whole new funding source for banks and should take pressure off the London stock market by reducing the need for rights issues. The strength of bank stocks immediately after the announcement was a reflection of this, and other banks are certain to follow Lloyds before long.

The issue also means that British banks can now raise quasi-equity in a foreign currency, something that has hitherto been impossible for a variety of technical and legal reasons. This should give them a better capital base to expand their foreign business, and reduce the strains they suffer through currency fluctuations when their assets are denominated in dollars and their capital in sterling.

Most important, though, Lloyds has found a way of making the controversial perpetual stock issues acceptable as primary capital in the eyes of the Bank of England, which turned down two issues by National Westminster and Barclays last year. More accurately, Lloyds appears to have persuaded Britian's central bank to ease slightly the rules it proposed last November for perpetuals.

Sir Jeremy Morse, the bank's chairman, had pointedly ruled out a rights issue when Lloyds produced its 1984 results in March. But he also said Lloyds wanted strong capital ratios.

Primary capital is widely used in the U.S. as a gauge of just how fat a cushion a bank has to absorb losses. It is new to the UK, though the Bank of England is keen to see it more widely used, partly to make international comparisons of bank strength easier.

It consists of shareholders funds, minority interests in other companies, the general reserve against loan losses and – now – perpetual floating rate note issues that qualify. But perpetuals may not amount to more than the equivalent of half the shareholders funds.

Perpetuals have many of the features of equity: they never have to be repaid, and interest payments can be suspended, like dividends, if the bank is doing badly, so investors carry some risk. And for banks keen to build up their capital (at the urging of the central bank apart from anything else) they offered a new and cheaper source of funds; cheaper, because interest payments count as a tax deductible expense while dividends do not.

The key question, though, is what happens to perpetuals if a bank has to go into liquidation.

Normally, debt issues must be repaid. But the Bank of England said in its capital guidelines paper last November that perpetuals would have to be convertible into equity in a crisis if banks wanted to count them as primary capital. That proposal caused a furore because many people thought no one would buy them with this risk, however remote, of losing his money.

The Lloyds issue, however, is not convertible into equity. If the bank gets into trouble, the notes will be "deemed" to be preference shares, which rank ahead of equity, meaning the holders are less certain of getting their money back, though they will be one step in front of the ordinary shareholders.

The view yesterday among London analysts was that this distinction marked a significant concession by the Bank of England, and makes perpetuals more attractive. In practice, it is all rather academic since the likelihood of a major British commercial bank going under is virtually nil, and the speed with which the Lloyds issue was snapped up in the Euromarkets shows that investors were just buying the Lloyds name without looking too closely at the fine print – which they could not anyway because the prospectus had not been sent out.

But it was galling news for NatWest and Barclays, which felt their issues were made on terms so close to Lloyds' as to make little difference. In fact, NatWest's issue has been rated as primary capital by Standard & Poor's, the U.S. credit rating agency. Both banks are now hoping that the Bank of England may "grandfather" their issues, and recognise them retrospectively.

The potential for new perpetual issues is now enormous. Barclays, NatWest and Midland each has the capacity, analysts estimate, to raise well over £1bn worth each, or a total of more than £3.5bn.

The achievement of a compromise over perpetuals means that most of the fuss over the Bank of England's November paper has now blown over. The other bone of contention – over dated stock – has effectively been settled by the success of issues from NatWest, Rothschilds and theRoyal Bank of Scotland, which met the central bank's conditions. The Bank of England had said that debt issues qualifying as secondary capital must not have trigger clauses making them repayable if a bank runs out of reserves. It will be putting out definitive guidelines on capital shortly.

Gandhi rules out Westland helicopter contract

By John Elliott in New Delhi

BRITAIN'S hopes of rescuing a £65m ($78.6m) Westland helicopter contract in India were dashed yesterday when Mr Rajiv Gandhi, Indian Prime Minister, said in the New Delhi parliament that the order would not go ahead.

In responding to increasing political pressure from the British Government over the order, which is urgently needed by Westland to ease its financial crisis, Mr Gandhi said the helicopter "does not meet the specific requirements" set down by India last year.

The French Dauphin helicopter, made by Aérospatiale, has been the other favourite for the £65m contract, which includes six special service helicopters. But India might turn to the Soviet Union, its main aerospace equipment supplier, or to the U.S. whose Bell helicopter was initially favoured by the Oil and Natural Gas Commission, which will use 21 of the aircraft.

"We are surprised and it would not be going too far to say we are hurt by the loss of the contract," an official at Westland's UK Headquarters said. "We launched full production of the WG30 to meet the Indian order based on Indian assurances and subject to the WG30 meeting Indian performance requirements."

Frustration in the UK over the now almost inevitable loss of the order, plus surprise in New Delhi about the way the British Government has handled the affair publicly, could damage trade relations between the two countries. Although the British Government will probably shrink from a major confrontation, relationships on other major project negotiations could become more tense and difficult.

Neither the British Government nor Westland – which is finalising another contract with India worth £20m for Sea King helicopters – want to upset such an important trading partner. Westland already has a £50m order, signed in December 1983, to supply India with spare parts for about 20 Sea King helicopters.

Mr Gandhi said that £65m of aid allocated by the UK for the order should be used for other purposes and mockingly asked why the UK could not switch the aid to an order for Sea Harriers when it had been willing to use it for "medical vans" in the 1970s. The UK had been asked to do this, he told the Rajya Sabha, India's upper house.

India has been trying to force British Aerospace to reduce its price for the Sea Harriers. But the British Government has refused to use its aid budget for defence orders and last night said it had received no formal request to aid a Harrier purchase.

The British Government now has to make the politically sensitive decision about what to do with the $65m of aid. Out of annual allocations of £115m to India, £45m in aid is due to be handed over this year and £20m next year.

It seems unlikely that the UK will withdraw the aid and use it for other countries or international agencies. Instead, some effort is likely to be made to find other projects in India.

A point of controversy in the affair concerns how firmly the order has been placed with Westland after the Indian Cabinet chose its W30 helicopter last summer. Mr Gandhi said that no letter of intent had been issued, whereas the UK says that one had been.

The achievement of a compromise over perpetuals means that most of the fuss over the Bank of England's November paper has now blown over. The other bone of contention – over dated stock – has effectively been settled by the success of issues from NatWest, Rothschilds and the Royal Bank of Scotland, which met the central bank's conditions. The Bank of England had said that debt issues qualifying as secondary capital must not have trigger clauses making them repayable if a bank runs out of reserves. It will be putting out definitive guidelines on capital shortly.

THE LEX COLUMN

VW gets back in gear

Volkswagen's recovery in earnings in the past two quarters is even more dramatic than its fall into loss in 1982. But those who responded to yesterday's 1984 results with forecasts of a doubled dividend for 1985, and more than doubled earnings, got small encouragement from the company – let alone the market. This last showed even more than its customary phlegm in leaving VW's share price unchanged at DM 206.5.

The key to last year's net profit of DM 228m was almost doubled U.S. earnings. Volkswagen is not the sort of company to itemise currency gains on German-made VWs invoiced in dollars, but the decision to use Volkswagen of America to hide Triumph-Adler's future U.S. losses is a back-handed promise of further volume growth. None the less, VW will be vulnerable to a downturn in U.S. consumer spending with the new Golf not yet established in the market; while the recovery in Brazil, through cutting capacity and some ingenius export manoeuvres is scarcely something to bank on.

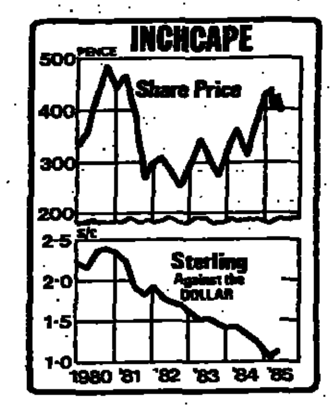
As for Triumph-Adler, a loss of maybe DM 350m in 1984 would not surprise seasoned watchers of this disastrous investment; and the large write-offs on the office computers in the U.S. might usefully be extended to the company as a whole. Whether VW really can turn round the German computer business through marketing and distribution is matter for belief.

In Europe, the new Golf is doing well and diesel models helped to improve VW's share in a German market in the first quarter which was still clouded by uncertainties about catalytic converters. Even if the cloud lifts, the German market will be down overall although Audi can probably earn enough to cover its parent's dividend on its own. But with heavy capital expenditure going ahead on retooling, a rights issue is in the air – giving the Government the chance to reduce its stake by disdaining its rights.

Inchcape

The new management broom sweeping through Inchcape looks at first sight to be tidying up very nicely. Profits during 1984 comfortably exceeded the previous 1980 peak and, at £78.9m pre-tax, stood almost 50 per cent above the level of the previous year. The dividend, meanwhile, was covered by earnings for the first time in three years.

Yet, in knocking the shares down 30p to 395p yesterday, the market



seemed less interested in the cleansing than in the dust still clinging to the corners of the Inchcape empire. The group has had to make substantial provisions against both its aviation and capital equipment businesses in South-East Asia, while profits from the Middle East were well down due to losses from the Gulf fleet. Most of Inchcape's difficulties can be attributed to the softness of the international oil market but, as an international trader, the group must expect to take the rough with the smooth.

The group has introduced more rigorous financial controls and is gently directing resources towards less cyclical businesses. But until these efforts are rewarded by a higher dividend – the payment may be maintained this year for the seventh year in succession – the market will continue to emphasise the low quality of Inchcape's earnings and its sensitivity to exchange rates. The shares yield 6.8 per cent, broom or no broom.

Minet

Minet Holdings' decision to pull up the drawbridge and leave the underwriting members of its Richard Beckett agency camped out in the cold demonstrates, if further evidence were needed, how in the Lloyd's market unlimited liability can mean precisely what it says. The beleaguered names in the Richard Beckett agency are faced with further losses of £60m while Minet, as a public company protected by limited liability, is in a position to offer little more than sympathy.

Minet has probably taken the only course realistically open to it. The potential losses in the Richard Beckett agency comfortably exceed Minet's own reported net worth and the group can argue with some justice that it is not responsible for the underwriting losses. It believes that there is no legal claim against Minet itself, although the fact that a large proportion of yesterday's £8.8m extraordinary debit comprised provisions against legal costs suggests that not everyone may take the same view.

Certainly the names are entitled to feel aggrieved. Yesterday's announcement of a 20 per cent increase in the total Minet dividend, accompanied by an 11p rise in the share price to 245p, will only have rubbed in the wounds. It is plainly illogical that a limited liability company should take a share of the profits of an underwriting syndicate but be effectively sheltered from any losses. Lloyd's has been considering whether a "deficit clause" should be incorporated in underwriting agency agreements but so far no action has been taken. If such a clause were included in the agency agreements between members and those that run their affairs, minds would be concentrated wonderfully.

Britoil

It was perhaps no coincidence that the Government chose to slip out the news of the Britoil sale in the House of Commons just after the stock market had gone home for the day. The primary offering was not after all privatisation's finest hour and last night Britoil shares were trading at 220p – hardly more than the 215p at which the underwriters took up the unwanted stock in late 1982.

The decision to sell will be most welcome to Britoil and, once the news has been digested, to the market. The Government holding in Britoil has been an obvious candidate for disposal and the equity overhang has depressed the price. If the issue's sponsors are anything like as successful at lauding Britoil as they have been with British Aerospace, the Treasury should receive more than the £540m implied by last night's price.

There seems precious little reason, however, to retain the golden share once the rest of the equity has been sold. By the time the secondary offering is made, Britoil will have had three years to establish itself as a public company and should sink or swim like everyone else. The Government would after all retain the reserve power to block a hostile takeover through the Monopolies Commission.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	F	18	64	Malaga	S	20	68	Salzburg	R	5	41
Akrotiri	S	21	70	Faro	C	16	61	Malta	S	22	72	Seoul	S	24	75
Algiers	F	28	84	Florence	F	20	68	Manila	S	34	93	Singapore	S	31	88
Amsterdam	R	5	41	Frankfurt	R	11	52	Miami	C	26	79	Stockholm	R	7	45
Athens	S	20	68	Funchal	C	17	63	Milan	F	20	68	Strasbourg	C	9	48
Bahrain	S	32	90	Geneva	R	11	52	Moscow	F	9	48	Sydney	F	21	70
Bangkok	S	35	95	Gibraltar	F	19	66	Munich	R	2	36	Taipei	C	29	84
Barcelona	S	19	66	Guernsey	R	8	46	Nairobi	—	—	—	Tangier	—	—	—
Beirut	S	21	70	Helsinki	C	6	43	Naples	S	18	64	Tehran	—	—	—
Belgrade	F	22	72	H. Kong	R	23	73	New Delhi	S	37	99	Tel Aviv	S	20	68
Berlin	R	6	43	Innsbruck	R	7	45	New York	C	29	84	Tenerife	F	20	68
Biarritz	C	15	59	Inverness	C	8	46	Nice	S	17	63	Tokyo	S	24	75
Blackpool	S	9	48	Istanbul	S	17	63	Oporto	S	21	70	Toronto	S	15	59
Bordeaux	S	19	66	Jersey	R	8	46	Oslo	R	5	41	Tunis	S	27	81
Brussels	R	7	45	Jo'burg	S	23	73	Paris	R	8	46	Valencia	F	23	73
Budapest	R	7	45	Las Palmas	C	20	68	Prague	R	8	46	Venice	F	16	61
B. Aires	S	16	61	Lima	S	22	72	Reykjavik	C	9	48	Vienna	C	7	45
Cairo	S	24	75	Lisbon	F	18	64	Rio de J'o	R	29	84	Warsaw	F	9	48
Cape Town	S	19	66	Locarno	F	18	64	Rome	S	21	70	Zurich	R	4	39
Caracas	R	28	82	London	F	12	54								
Casablanca	—	—	—	Los Angeles	C	26	79								
Copenhagen	C	5	41	Luxembourg	C	5	41								
Corfu	S	18	64	Madrid	F	21	70								
Dublin	S	11	52	Majorca	S	25	77								

Readings at mid-day yesterday:

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder H-Hail

Hutton fraud settlement

Continued from Page 1

brokers in the country, has had to live with the potential fallout from the fraud disclosuries for the past two years. It has mentioned the grand jury investigation in two filings with the Securities and Exchange Commission, the watchdog for the securities industry, and was forced to ask the SEC yesterday for exemption from automatic debarment as an investment firm. The SEC approved the request.

Mr Robert Fomon, chairman of the group, emphased yesterday that the fraud had never jeopardised the security of customer or client funds.

JMB called 'imprudent'

BY PETER RIDDELL IN LONDON

THE UK Treasury confirmed for the first time last night that Bank of England inquiries into the collapse and rescue last October of Johnson Matthey Bankers have revealed departures from normal prudent banking practice. However, shortly after the answer from Mr Ian Stewart, Economic Secretary to the Treasury, was released at Westminster last night, officials withdrew it and submitted an alternative saying that a reply would be given as soon as possible.

The official Treasury explanation last night was that Mr Nigel Lawson, Chancellor of the Exchequer, had not had a chance to approve the answer before his departure for the Bonn economic summit.

The original answer was the first confirmation that the bank inquiries, which included a report from accountants Price Waterhouse, had shown such weaknesses.

During Treasury questions in the House of Commons last week, Mr Stewart had been trying to give details of the bank report because it contained commercially confidential information.

The Government has faced pressure on the issue from several Labour MPs including Mr Tony Blair, an Opposition Treasury spokesman.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday May 3 1985

VW more than doubles profits in first quarter

BY JOHN DAVIES IN FRANKFURT

VOLKSWAGEN, West Germany's biggest motor vehicle manufacturer, has boosted sales revenue and profit in the first three months of this year as it continues efforts to consolidate its financial recovery in the face of some major problems.

VW's solid performance in the first quarter comes after a strong turnround to group net profit of DM 228m ($73m) last year, compared with losses of DM 300m in 1982 and DM 215m in 1983.

With strong impetus from European export markets, VW increased its worldwide sales revenue by 14 per cent to DM 13.4bn in the first three months of this year. Group net profit reached DM 140m, compared with DM 51m a year earlier.

VW still has major burdens with some foreign vehicle operations and with its office computer interests, but overall it is holding up relatively well among Europe's high-volume car makers.

VW, which is 20 per cent owned by the Federal Government and 20 per cent by the state government of Lower Saxony, has already announced that it will resume a dividend payment of DM 5 a share – the same as its last payout on its 1981 results.

Its return to profitability was restrained last year by the seven-week labour conflict over shorter working hours in the West German metal industry. Executives claim that this dispute deprived the company of about DM 500m in profits.

In Latin America, VW improved its results last year but still incurred a loss overall. In Mexico, VW's loss was down substantially to DM 137m, while Argentina produced a DM 10m loss and Brazil showed a profit under local accounting conventions but a loss under German accounting.

VOLKSWAGEN	Turnover DM bn	Profit DM m
1979	30.7	667
1980	33.3	321
1981	37.9	136
1982	37.4	300*
1983	40.1	215*
1984	45.7	228

* Loss

VW's Triumph-Adler subsidiary suffered a deficit of DM 348m last year, after being hit by drastic write-offs on its Pertec office computer business in the U.S. The U.S. computer operations have since been hived off from Triumph-Adler and absorbed into Volkswagen of the U.S.

The setback at Triumph-Adler, after it had cut its losses to DM 50m in 1983, touched off a top management change there last July.

VW's South African operations have also emerged as a problem area because of a sharp drop in the local market. After a profit of DM 12m in 1983, VW made a DM 51m loss in South Africa last year.

Dr Carl Hahn, VW's chief executive, said that VW's group profit last year was still not good in relation to sales revenue, which rose 13.9 per cent to DM 45.67bn, nor in relation to the risks run by a company operating worldwide.

VW would have to press ahead with efforts to step up its profitability, he said.

Dr Hahn said that VW was confident about its prospects, but because of seasonal factors sales revenue for the whole was unlikely to show the same rate of increase as the first quarter.

VW and its Audi subsidiary delivered 570,700 vehicles to customers worldwide in the first three months of this year, an increase of 4 per cent on a year ago.

With the West German market unsettled by uncertainty over new car pollution controls, VW and Audi delivered only 165,500 cars to domestic customers, a drop of 15 per cent. But because the overall market fell even more, VW and Audi increased their combined market share to 28.1 per cent from 27.5 per cent a year ago.

Deliveries to customers in European export markets rose by as much as 21.6 per cent to 192,600 in the first quarter, with sales reaching a record monthly total of 74,500 in March.

In the U.S., deliveries to customers were down 4 per cent at 64,000, although VW said this decline reflected its efforts to build up stocks, which had been depleted last year.

Dr Hahn said that VW believed that this year the car market in Western Europe as a whole and in the U.S. would remain at about the same level as last year. In West Germany, however, the market could decline by about 8 per cent this year, after showing a drop of as much as 17 per cent in the first quarter.

Clore faces proxy battle

By Our New York Staff

MR ALAN CLORE, the wealthy British investor who is trying to turn round Gulf Resources and Chemical, a Houston-based natural resources group, is facing a fierce proxy battle with a group of dissident European and U.S. shareholders.

Mr Clore is the son of the late Sir Charles Clore, founder of the Sears Holdings empire. He owns over 20 per of Gulf and took control of the company in 1982 after a bitter proxy fight. He is being challenged by a group of shareholders who own 5.95 per cent and plan to nominate their own slate of directors at Gulf's annual general meeting in Salt Lake City on May 14.

The dissident group is being led by Mr David B. McKane, a private investor, and Mr Bengt Odner, a businessman based in London. The shareholder committee includes Mr Norton Kielland, a vice-president on temporary leave from Kidder Peabody, and several Norwegians.

The group's prospective directors include Mr James P. Schadt, president and chief executive of Cadbury Schweppes, Mr Carl Reuterskiod, chief executive of Swift, and Mr Ian Nelson, president of Kandahar Development, a Canadian real estate group.

Gulf Resources' shares were unchanged at $16¾ in early trading yesterday, capitalising the company at $154m.

Security Pacific to buy Control Data credit unit

SECURITY PACIFIC, the U.S. west coast banking group, is negotiating to buy most of Commercial Credit, the billion-dollar financial services arm of computer group Control Data, AP-DJ reports from Los Angeles.

The agreement could be reached as soon as next week and carry a price of about $800m, it is understood. Security Pacific would buy Commercial Credit's nationwide network of consumer and commercial lending offices as well as several other operations.

Federal banking regulations might preclude Security Pacific from buying Commercial Credit's life, health and casualty insurance operations or its 21 per cent interest in Inter-regional Financial group, a securities brokerage concern.

Mr William F. Ford, a Security Pacific vice-chairman, who heads the team negotiating with Control Data said: "We have a serious interest in negotiating with Control Data as many of the businesses they wish to divest fit in very well with our strategic business plan."

Control Data said: "We're proceeding with the process of talking with interested buyers but we have nothing to report."

The sale would benefit both sides. Control Data sorely needs the proceeds to finance its flagging computer businesses and Security Pacific has been frustrated in its attempts to expand its financial services empire.

In March 1983 Security Pacific thought it was going to be able to buy commercial-finance subsidiaries from Walter E. Heller International for $400m. But just two weeks later it was outbid by Fuji Bank, which offered $425m.

Last August, Security Pacific was negotiating to buy the finance subsidiary of Allis-Chalmers Corp for about $190m. But that agreement fell through last autumn.

Bronfmans to tighten grip on Seagram

BY ROBERT GIBBENS IN MONTREAL

PLANS BY Edgar and Charles Bronfman to cement family voting control of the Seagram Company, the world's largest distiller and owner of nearly 25 per cent of Du Pont Company, are running into some resistance in Canada.

At the Seagram's annual meeting in Montreal on May 22 the Bronfmans will propose that Seagram common shares would be split into class A subordinate voting shares carrying one vote each and class B shares carrying 10 votes each.

Shareholders could choose either the multiple vote shares or the subordinate voting shares, which would carry a higher dividend.

The Bronfman family, including the four children of founder Samuel Bronfman, own 39.8 per cent of the existing common shares, down 40.9 per cent recently because one family member sold nearly 1m shares after other members of the family failed to exercise their right of first refusal.

The Bronfmans say their share plan is designed to prevent control of Seagram falling into other hands. Under some circumstances, the plan would mean that the Bronfmans could hold more than 80 per cent of the votes.

Some members of the Canadian investment community are advising Seagram stockholders to oppose the plan on the ground that two classes of stocks with different voting rights should not exist and control should not be separated from ownership.

The subordinate voting stock would remain listed on the stock exchanges but not the class B shares.

● Hiram Walker Resources, the Canadian energy and distilling group, lifted net earnings for the second quarter ended March 31 from C$82m or 89 cents a share to C$92m (U.S.$67.6m) or 98 cents.

This took six-months earnings to C$200m or C$2.17 a share, against C$161m or C$1.74. Revenue edged up from C$2.18bn to C$2.24bn in the first half, and from C$1.17bn to C$1.18bn in the second quarter.

Bank of Boston to curtail bond trading

By Our Financial Staff

BANK OF BOSTON, the biggest bank in New England, plans to reduce its U.S. government securities business "in an orderly fashion" to shift resources to more profitable areas.

The bank, the 18th biggest U.S. bank holding company, said the government bond market had become very competitive and required more resources than it was willing to devote to ensure profitability.

It will continue to trade in government bonds for its customers.

Husky gas strike

HUSKY OIL has reported "significant quantities" of natural gas and condensate in the Chebucto K-90 well, off Nova Scotia.

Bow Valley Industries, Durham Resources and Scotia Energy Resources are partners with Husky in the discovery, which had an aggregate flow of 44.5m cubic feet of gas daily and 324 barrels of condensate.

Chevron wins oil contract settlement

By William Hall in New York

CHEVRON, the third biggest U.S. oil group, is to be paid $350m by Southern California Edison, a large electrical utility, which broke a 10 year oil supply contract entered into before the current drop in world oil prices.

Southern California Edison, announcing the settlement of its three-year legal battle with Chevron, noted that if it had not terminated the contract, its 9m customers in the Los Angeles area would have had to pay over $1.3bn more for their electricity.

Chevron was Edison's principal supplier in the 1970s, when the utility was one of the largest oil consumers in the U.S. and there were concerns about the availability of crude oil supplies because of Arab oil embargoes.

In 1976 Chevron built facilities to supply Edison with 40m barrels a year of low-sulphur oil at a formula price. In order to meet Californian state air pollution laws, Edison was required to burn expensive low-sulphur oil.

In the early years of the contract, Chevron provided an assured supply of oil and saved Edison's customers an estimated $100m. However, during the early 1980s the world fuel supply and price situation changed dramatically. Natural gas supplies became abundant and Edison was able to increase low-cost power purchases from the Pacific north-west and south-west. As a result, its oil demand was reduced substantially and in 1982 Edison stopped buying oil under its Chevron contract.

The latest settlement includes a new oil supply contract, allowing Edison to require Chevron to supply it with oil on short notice at a market price. Edison will pay Chevron $9m annually for the standby oil supply service.

This is the second major settlement for Chevron in the past year.

Beecham spends £40m to lift antibiotic output

BY TONY JACKSON IN LONDON

BEECHAM, the UK pharmaceuticals group, is to invest £40m ($48m) at Irvine in Scotland to expand production of antibiotics. About 150 new jobs will be created.

The plant will produce clavulanic acid, the substance discovered by Beecham which hinders bacteria from building up resistance to penicillins. It is used in two Beecham antibiotics – Augmentin, first introduced in the UK in 1981, and the more recently launched Timentin.

Beecham is one of the world's biggest penicillin producers, and concentrates much of its basic production at the Irvine site, which already employs 700 people. Augmentin was first introduced to the U.S. market last September, and is expected to be launched in Japan later this year. Timentin will be launched in the U.S. on May 8. Growth in both products has made it necessary, says Beecham, to increase capacity for clavulanic acid and potassium clavulanate, the substance from which the acid is made.

Clavulanic acid acts by inhibiting the enzyme known as beta-lactamase, which bacteria produce to combat the action of antibiotics. It can be combined with most penicillins to strengthen their effectiveness. Beecham, which played a major role in the first commercial development of penicillin some 25 years ago, has retained its emphasis on penicillins since then.

Some other drug companies have preferred to concentrate on the newer class of antibiotics, cephalosporins, some of which have inbuilt resistance to beta-lactamase. Unlike penicillins such as Augmentin, cephalosporins cannot normally be taken orally, but must be injected.

Much of the Irvine factory output is exported to Beecham factories overseas for further processing. The rest goes to Beecham's factory at Worthing, which supplies the UK and also ships finished products abroad.

Vallourec reduces loss

By David Housego in Paris

VALLOUREC, the leading French steel tubes manufacturer, yesterday announced that it had cut losses by more than half last year to FFr 180.8m ($18.8m).

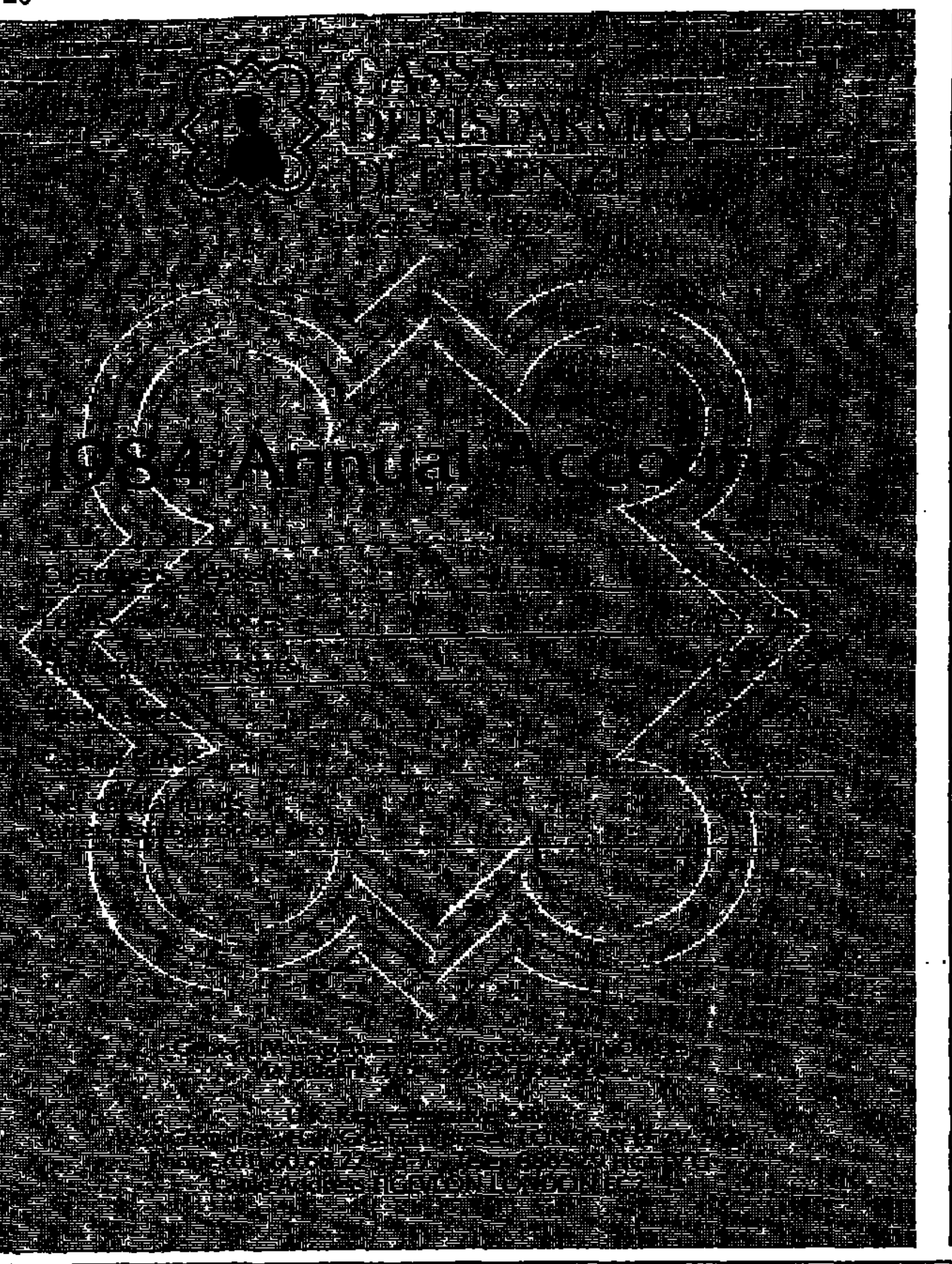
The improvement takes account of FFr 46m of provisions on investments abroad and is on the basis of a 9.4 per cent increase in sales to FFr 6.3bn.

The figures are at parent company level, but Vallourec said yesterday that the consolidated results would be slightly better.

Vallourec had a poor first half last year but said that activity picked up in the second half, when results were also influenced by rationalisation under way.

Vallourec is now focusing its activity on seamless pipes for the energy industry and the construction sector.

INTERNATIONAL COMPANIES and FINANCE



Profits at Johan fall short of forecast

By Wong Sulong in Kuala Lumpur

JOHAN HOLDINGS, the diversified Malaysian group, has failed to match its profit forecast for the year to January, for which it reported pre-tax profits of 16.7m ringgit (U.S.$6.9m).

Although the result was 42 per cent higher than that of the previous year, it was below the 23.5m ringgit projected when the group made a rights issue last year to raise 78m ringgit. After-tax profit was 6.6m ringgit, 85 per cent higher.

Turnover, which rose 30 per cent to 295m ringgit, was also below the projected target of 500m ringgit.

No reason was given for the poorer-than-expected performance.

The company is giving a first and final dividend of 2.5 per cent on paid-up capital of 127m ringgit, compared with 4 per cent previously. Directors expect the current year's earnings to show an improvement.

AP-DJ adds from Singapore: Keppel Shipyard and its 82 per cent owned subsidiary, Straits Steamship, yesterday announced a reorganisation of their loss-making shipping operations in an attempt to regain their competitive position.

Kapal Management, an 80 per cent Keppel subsidiary, will be combined with part of Straits Shipping, a wholly owned unit of Straits Steamship. It in turn will combine its regional coastal shipping division and its international container division.

Higher interest bill hits Tongaat-Hulett earnings

BY JIM JONES IN JOHANNESBURG

TONGAAT-HULETT, the diversified Natal sugar group, boosted sales in the year to March but suffered a 37.4 per cent setback in pre-tax profits, largely because of an interest bill which increased 2½ times.

Turnover of the company—which also has involvements in food, aluminium, textiles and building products—increased by 18.5 per cent to R1.8bn ($913.7m) again R1.51bn, and operating profits were up 12.2 per cent to R178.0m from R158.7m. But interest payments rose to R103.3m from R39.3m, leaving taxable earnings at R74.7m compared with R119.4m.

Sugar production benefited from good summer rains and Tongaat produced 1.01m tons of raw sugar against 154,400 tons in the previous year. As a result the group's share of the total South African sugar crop rose to 42.5 per cent from 32.6 per cent and sugar's contribution to group profit increased considerably, the directors say.

The food side improved its *trading performance, but the* building productas, textiles and aluminium rolling divisions suffered from declining sales as the financial year progressed and reduced their contributions to group profits.

The directors *say that* the South African economy deteriorated fgurther than was expected and that interest rates remained at exceptionally high levels. As a result earnings *were only 60.2 cents a share* against a level of 80 cents forecast by the board at the interim stage. Earnings totalled 118.5 cent s a share in the 1983-1984 financial year.

The dividend has bee n cut to 30 cents a share from 58 cents. Tongaat-Hulett is controlled by Anglo American Corporation.

Associated Furniture (Acol), the major South African furniture manufacturer, enjoyed buoyant sales in the first quarter of its last financial year, but suffered a significant deterioration in revenue in the latter part of the year.

Sales rose to A295.3m in the year to March from R268.1m the previous year. Heightened competition adversely affected trading margins and the sales mix, the directors say.

As a result, operating profits dropped to R24.6m from R28.3m while after interest charges the decline was steeper, to R15.85m against R25.05m.

Earnings dropped to 80 cents a share from 117.4 cents and the dividend has been reduced to 40 cents from 59.3 cents. Afcol is controlled by South African Breweries, the diversified beverages and consumer goods group.

Plascon-Evans, South Africa's largest paint manufacturer, was hit by sharply lower sales volumes and narrower margins *in its* half-year to March.

Turnover rose slightly to R125.4m from R123.3m, but taxable profits dropped to R7.95m from R13.96m.

In addition to the lower volumes and narrower margins, the directors blame higher raw materials costs arising from the rand's decline for the profits retreat. They add that the first half's interest bill increased to R1.75m from R342,000 because borrowings were higher throughout the half-year.

Earnings per share dropped to 15.5 cents from 29.2 cents and the interim dividend has been reduced to 5 cents from 8 cents a share.

Record for four Japanese food chains

BY YOKO SHIBATA IN TOKYO

MEASURES TO reduce overstocking and improve financial strength have helped four of Japan's six leading supermarket operators to produce record pre-tax profits in the year to February.

Among the six, Seiyu alone suffered a fall in taxable earnings—down 21.3 per cent to Y6.2bn ($24.7m), hindered by a heavy burden of investment for future expansion as well as a decline in sales at its existing stores.

The six lifted sales by 3.9 per cent on average. However, excluding new outlets, sales growth was below the consumer price inflation rate of 2.2 per cent for 1984. The slower sales were attributed to sluggish demand for perishable foods as customers tended to make more use of convenience stores and fast good outlets.

The earnings improvements were thus attributed largely to measures which have been implemented by the groups since 1983 to improve management efficiency.

Dai'ei, the largest in the sector, halted the fall in sales which it had suffered in the previous two years. This was thanks to efforts to revive business at existing stores. The company also trimmed inventories by Y13.3bn and reduced borrowings by Y22.2bn.

Ito-Yokado and Jusco — which along with Nichii and Uny reported record earnings—have introduced a fully computerised checkout system which enables the operators to keep a daily monitor on better-selling lines and thus to minimise excess stocks.

JAPANESE SUPERMARKET RESULTS (Ybn): Year to February 1985

	Sales	Pre-tax profits	Net profits	No. of new outlets
Dai'ei	12,826 (+ 2.5%)	165 (+10.0%)	70 (+ 8.8%)	0
Ito-Yokado	9,035 (+ 5.0%)	386 (+21.4%)	176 (+18.9%)	5
Seiyu	7,329 (+ 5.3%)	61 (−21.3%)	32 (− 8.6%)	5
Jusco	7,320 (+ 5.3%)	196 (+10.8%)	93 (+ 3.5%)	4
Nichii	5,664 (+ 3.1%)	148 (+10.9%)	68 (+ 5.0%)	5
Uny	3,967 (+ 2.8%)	150 (+ 5.4%)	71 (+ 3.9%)	3

NW Shelf gas export agreement next week

By Michael Thompson-Noel in Sydney

APPROVAL for the $8.5bn (*U.S.$5.5bn*) *export phase* of the North-west Shelf natural gas project off Westend Australia wil come on May 10, signalling an end to unease over Australia's biggest resources project.

Representatives of eight Japanese utilities—customers for 6m tonnes of Northwest Shelf natural gas a year—will fly to Melbourne for the initialling of the sales contract.

Eventually, the project could help transform Western Australia's industry and economy. Phase one of the project, involving gas deliveries to Perth, came on stream last August.

However, there have been recurrent bouts of concern over the export phase. These were highlighted in part last month when Broken Hill Proprietory (BHP) and Shell Australia moved to acquire control of Woodside Petroleum, the project's key partner and operator, in a cash deal valuing Woodside at A$800m.

BHP and Shell, which were already the project's biggest partners, said the move was necessary because Woodside was unlikely to complete major refinancing moves in time to commit a start-up of gas deliveries to Japan by *October 1989*, which is still the target.

Israeli bank out of the red

By David Lennon in Tel Aviv

THE ISRAEL Discount Bank, the country's third largest, has reported consolidated net earnings of U.S.$20.2m for last year. This compares with a $38.6m loss in 1983, which was one of the worst years in Israeli banking history.

Total assets of IDB at the end of 1984 remained unchanged at $10.8bn. During the year it cut staff by 13 per cent and closed or merged 11 *branches* and service facilities in its drive to return to profitability.

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INTERNATIONAL COMPANIES AND FINANCE

Kodak blames strong dollar after 27% first-quarter slide

BY WILLIAM HALL IN NEW YORK

EASTMAN KODAK, the world's largest *photographic products* group, has suffered a 27 per cent *drop* in first-quarter net income to $115.2m.

The group, which has been struggling to regain its former earnings momentum, earned 50 cents per share in the latest three months, compared with 84 cents a year earlier. *The photographic and information* management division reported higher volume with U.S. shipments of photographic products leading the way. Volume was also higher in the Eastman chemicals division, but selling prices fell.

Mr Colby Chandler, Eastman Kodak's chairman, and Mr Kay Whitmore, the firm's president, say that "the artificially high value of the U.S. dollar continued as the most damaging factor affecting Kodak earnings." Other negative factors included lower chemical prices, increased selling expenses, additional *charges for depreciation and higher* R & D spending for the commercialisation of new products. Lower silver and other raw material prices and higher volume helped offset the impact of the negative factors.

Kodak says that for the balance of 1985 *it is looking forward* to good gains in volume, based on continued *growth* in demand *for its* products and services. However, the company remains cautious about short-term earnings. It says the overvalued dollar restricts its pricing flexibility, making it more difficult to offset costs associated with the drive to *maintain a strong* position in existing markets while moving aggressively into new fields.

The group's sales in the latest three months were roughly un*changed at $2.1bn. Sales to U.S. cus*tomers totalled $1.34bn and to overseas customers, $780m.

Court blocks Asarco's anti-takeover strategy

BY TERRY DODSWORTH IN NEW YORK

MR ROBERT Holmes à Court, the Australian entrepreneur, won an important court ruling in his battle to prevent Asarco, the U.S. mining company, from adopting anti-takeover devices.

A federal court judge in New Jersey barred the company from issuing its new series 'C' preferred stock, saying that Asarco had no authority to "change the voting powers within a class vis-à-vis other *members of the same class.*"

The decision, by judge Dickinson Debevoise, supports Mr Holmes à Court's contention that the preferred *stock* violates New Jersey law in that it would change the voting powers of other shareholders. At Asarco's *annual meeting* last month, the Australian investor contended that anti-takeover measures "reduce the value of *stockholders'* investments."

Mr Holmes à Court, who owns 8.9 per cent of Asarco through Weeks Petroleum, said at the annual meeting *that he was* not currently *in*tending to make a bid for the company or for MIM holdings, the Australian group in which Asarco has a 44 per cent stake. In a proxy statement, however, he has indicated that his purchase of Asarco shares *could be made with the purpose of* acquiring control of Asarco.

The U.S. company has been suffering from depressed conditions in the mining industry since 1981, declaring a $216m charge in the fourth quarter of last year. In the *first quarter of this year the compa*ny reported a loss of $19m, or 89 cents a share.

KHD lifts dividend to DM 9 a share

By Peter Bruce in Bonn

KLOECKNER Humboldt Deutz (KHD), the West German diesel engine, *industrial plant and tractor manu*facturer, said yesterday it planned to pay a DM 9 a share dividend for 1984, a 12.5 per cent increase on the DM 8 *paid for 1983.*

The group, which has already warned that it expects turnover in 1985 to fall from the DM4.6bn recorded last year, said parent company net profits had risen from DM 52.5m to DM 57.7m ($18.3m) for 1984.

KHD, which is cur*rently negotiating to* buy the Motorenwerke-Mannheim diesel engine plant from its troubled German owner, Knorr Bremse, and the agricultural equipment operations of Allis-Chalmers of the U.S., said it expected 1985 *to produce further* "satisfactory results."

Diesel engines account for almost half of group turnover with agricultural machinery a further 34 per cent. Exports and *foreign* sales represent two-thirds of group total sales.

Strong rise at Selenia

By Alan Friedman in Milan

SELENIA, THE Italian state-owned *maker* of *radar*, missiles and other electronic equipment, has registered a 37 per cent rise in 1984 net profit, to L20.6bn ($10.3m).

Sales were up by 25 per cent to L597bn, of which 65 per cent represented exports, against 74 per cent in 1983.

Selenia, which is part of the IRI-STET state holding group, says new orders last year totalled L90bn and *investment in research and* development amounted to L98bn.

John Davies explains why the West German motor group wants to acquire Dornier

Daimler aims to broaden technology base

DAIMLER-BENZ is one of those elite West German companies that combine a genuine sense of history with sharp business acumen. In its flurry of takeover activity lately, "tradition" is a word that has frequently cropped up.

Having developed into one of the showcases of West German industry, the car and truck group has made moves recently to broaden its technology base—but without steering too far from traditional areas.

In February, Daimler-Benz fulfilled a long-cherished wish to extend its ownership of the MTU engineering group by buying out its equal partner, MAN, which is recovering from hard times in the truck and marine diesel engine business.

Daimler-Benz more recently grasped the nettle of Dornier, the aerospace group caught up in a bitter and tortuous feud *among the heirs of its pioneer* founder. The bid to buy a major stake in Dornier is proving a painful experience and the outcome is still far from settled.

In both cases, however, Daimler-Benz executives, led by Werner Breitschwerdt, stress that the takeover moves stem from long-standing links and close co-operation with the companies. They see the moves as a natural broadening of Daimler's interests rather than diversification into unknown areas.

The MTU group was formed through a merger in 1969 of engine activities carried out for decades by Daimler-Benz and MAN, the aim being to pool know-how and rationalise production.

Daimler-Benz also developed links with Dornier decades ago, when it supplied engines for some aircraft. Purchases of a stake in Dornier long seemed impossible, but with the deepening family feud raising doubts about Dornier's future, Daimler has been in discussions with family members for about six months.

Although no details have been disclosed, it has been estimated that the two acquisitions would cost Daimler-Benz in the region *of DM 1bn ($320m).*

If it succeeds in gaining a major stake in Dornier, this move — together with its full takeover of MTU — would strengthen its involvement in future-oriented technologies. This could provide additional avenues of growth, alongside the car business and offsetting the modest prospects in commercial vehicles.

But the traditional pillars of Daimler-Benz activities would still greatly outweigh these new operations. While world sales of *Daimler-Benz* reached DM 43.3bn last year, MTU's sales were DM 2.2bn and Dornier's DM 1.5bn.

For many years, Daimler-Benz's commercial vehicle business produced greater sales revenues than cars, but this situation was reversed in 1983. *Of the DM 40bn sales in that* year, cars produced DM 21bn, commercial vehicles DM 17.7bn and other operations DM 1.3bn.

Prof Werner Breitschwerdt, chief executive of Daimler-Benz which yesterday declared an unchanged DM 10.50 a share dividend

Daimler-Benz sees continued *strong growth in its highly* profitable car business. In recent times it has invested heavily in new models, in a drive into the middle-range market segment with the 190-series cars and in construction of a new plant at Bremen.

Although the commercial vehicle market has slipped, it is still an important mainstay of Daimler-Benz business and is expected to remain *so.* But domestic and export markets are less buoyant than a few years ago.

From the top down, Daimler *executives* have stressed that they still see a strong future in this line of business. A number of truck production projects abroad are going ahead or have *been under discussion in recent* times.

But the muted prospects in commercial vehicles have spurred Daimler-Benz's interest in other technologies.

MTU, with 12,200 amployees, mainly produces large high-speed diesel engines and aircraft engines. Ironically some of its operations derive from the early aero engine business of BMW (Daimler-Benz's Munich *car rival), which landed* with Daimler via MAN.

Despite "increasingly difficult and fiercely competitive markets," MTU recently reported *that* it remained profitable last year.

Part of Dornier's appeal to Daimler-Benz is its high reputation for industrial research. About a third of Dornier's 9,000 employees are engaged in research work, including space technology, electronics, security systems and medical technology.

But while the momentum of Dornier research is powerful, its dimension is relatively small. Daimler-Benz, which has 200,000 employees, already spends about DM 1.5bn a year on its own research—as much as the entire sales of Dornier.

In explaining the takeover moves, Daimler-Benz executives point out that there are many areas where its activities already *touch on those of MTU and of* Dornier. The aerospace operations of MTU supplement those of the aircraft company. The moves would strengthen Daimler-Benz's *role as a military* contractor.

MTU's operations include manufacture of the RB 199 engine for the Tornado combat aircraft, but *MTU's civilian* operations have been growing in relative importance and Daimler-Benz executives see this trend continuing.

Dornier's military contrasts are likewise only part of wide-ranging technological work. Of interest to Daimler is the spin-off of technological knowledge from military research to civilian applications.

Further investment, which Daimler-Benz *can readily afford*, could help build up the potential of both MTU and Dornier, although no plans have been disclosed.

Swiss insurer sees premium income growth

By John Wicks in Zurich

ZURICH INSURANCE expects group premiums to grow by *about 10 per cent this year. In* 1984, gross premium income rose by 15 per cent to SwFr 9.61bn ($3.5bn).

Dr Heinz Portmann, the *chairman*, said in Zurich yesterday that the company expected a "continuation in the encouraging development of profits." Last year, parent company net earnings increased by 10.4 per cent to SwFr 112m. An unchanged dividend of *SwFr 240 a share is proposed.*

The improvement in profit last year resulted solely from a rise in investment income. The underwriting loss had grown *from SwFr 335.8m to* SwFr 462.8m.

The group moved out of the *unprofitable medical liability* insurance last year and is currently writing "almost no new business" in the field of environmental insurance.

Zurich Insurance *was hit by* the strengthening of the dollar during the course of the year. Almost one-quarter of total parent company business comes from the U.S.

● Neva-Park, the hotel concern, has lodged an appeal with the *high court of Canton Zurich* against a recent Bankruptcy ruling.

Last month the District Court in Zurich declared Nova-Park bankrupt following claims by Credit Suisse in respect of SwFr 60m in outstanding mortgage and mortgage interest liabilities.

Sharp gain for Canadian Pacific

By Robert Gibbens in Montreal

MAJOR GAINS in oil and gas and better performance by the forest products and steel subsidiaries brought a sharp *improvement in* Canadian Pacific's profits in the first quarter. Earnings were C$57.5m (U.S.$42m) or 80 cents a share against C$33.3m or 46 cents a year earlier, on revenues of C$3.57bn against C$3.44bn.

The energy and industrial interests are held through CP Enterprises, CP's 70 per cent owned non-transport holding company. CP's share of CP Enterprises' profits was C$54.2m *in the first quarter against* C$30.7m. But CP's rail operations suffered a slight decline in profits.

Shareholders at the Calgary annual meeting approved a three-for-one stock split effective *May 17.*

● TransCanada PipeLines, 47 per cent owned by Bell Canada Enterprises, had lower gas export sales in the first quarter, offset by higher revenues from its expanding U.S. oil and gas operations. Earnings were *C$73.6m or 85 cents* a share against C$59.3m or 55 cents a year earlier. Total revenues were little changed at C$1.26bn.

The company is boosting oil and gas drilling activity in western Canada this year because of the favourable impact of the recent Ottawa-Alberta energy accord.

● *The Ontario Securities Commis*sion will launch an electronic quotations *system* for over-the-counter trading before the year-end.

The aim is to introduce a mini quotation and reporting system similar to the U.S. National Association of Securities Dealers automated quotations (Nasdaq) list.

It is hoped the system will form the basis of a nationwide over-the-counter market and *attract more* junior listings.

Sharp gain at Hoechst as exports surge

BY OUR FRANKFURT STAFF

HOECHST, the West German *chemical and pharmaceutical* group, has begun this year strongly with a further sharp increase in profits.

The group's world-wide pre-*tax profits reached* DM 840m ($266.7m) in the first quarter of this year, 29 per cent ahead of the same period last year. Pre-tax earnings of the parent company showed an increase of 31 per cent to DM 402m.

Prof Rolf Sammet, chief executive, said that the first quarter's profitability would probably not be maintained throughout the year, partly because of the rising cost of raw materials.

But he saw no sign of any faltering in the world economy and the company was confident *of showing good results* this year on top of the hefty *increases of the past two years.*

World sales revenue reached DM 11.04bn in the first quarter of this year, 8.7 per cent ahead of a year ago, while the parent *company's* sales were 7.4 per cent up at DM 3.9bn.

Exports remain the driving force behind the sale momentum, with the relatively strong *dollar and Japanese yen giving* German chemicals an extra competitive edge in world markets.

Prof Sammet said that the parent company earned more than two-thirds of its operating profit through exports in the first quarter. This unsually high dependence on exports contained risks, he added, especi*ally if the dollar fell sharply.*

After their recession-induced setback *of* 1982, Hoechst and the other big West German chemical groups, BASF and Bayer, have all been benefiting from a surge in the volume of *their sales* and especially in profitability.

The high dollar has given powerful help, but the companies have *also eliminated or* greatly reduced problem areas which burdened their business *in previous years.*

Hoechst increased world sales *revenue by 11.5 per cent to* DM 41.46bn for the whole of 1984, while BASF showed a 14.9 per cent rise to DM 43.5bn and Bayer a 15.3 per cent increase to DM 43bn.

Profits rose susbtantially at all three groups last year, with Hoechst's world net profit after taxes reaching DM 1.35bn, compared with DM 909m in 1983 and only DM 317m in 1982.

All three big chemical groups, which cut the dividend on their 1982 earnings, lifted their payout to *DM 7* a share on 1983 results and to DM 9 on last year's earnings.

Prof Sammet said that the Hoechst parent company had run down *stocks in the first* quarter of this year, with the result that production capacity was 82 per cent utilised, compared with 85 per cent a year *earlier.* But *the reduction in* stocks did not lie behind the strong increase in first quarter profits, he added.

Dr Wolfgang Hilger, who will take over as the chief executive next month, denied reports that Hoechst under his management would part from its cosmetics and other consumer products businesses.

N. AMERICAN QUARTERLY RESULTS

ALCO STANDARD
Diversified products distribution

Second quarter	1984-85	1983-84
	$	$
Revenue	872m	829.3m
Op. net profits	15.5m	13.0m
Op. net per share	0.70	0.64
Six months		
Revenue	1.77bn	1.63bn
Op. net profits	32.1m	26.4m
Op. net per share	1.45	1.26

AMERADA HESS
Integrated oil company

First quarter	1985	1984
	$	$
Revenue	2.1bn	2.4bn
Net profits	37.2m	88.4m
Net per share	0.44	1.04

AMERICAN GENERAL
Insurance

First quarter	1985	1984
	$	$
Revenue	—	—
Op. net profits	109.5m	98.3m
Op. net per share	0.75	0.68

AMERICAN STANDARD
Transportation & building prdts.

First quarter	1985	1984
	$	$
Revenue	720m	638.7m
Op. Net profits	20.3m	22m
Op. Net per share	0.62	0.69

ANCHOR HOCKING
Glass tableware, containers

First quarter	1985	1984
	$	$
Revenue	173.5m	171.3m
Op. net profits	2.6m	1.1m
Op. net per share	0.25	0.11

G. T. ATLANTIC & PACIFIC TEA
Retailing

Fourth quarter	1984-85	1983-84
	$	$
Revenue	1.42bn	1.32bn
Op. net profits	12.1m	8.5m
Op. net per share	0.32	0.23
Year		
Revenue	5.88bn	5.22bn
Op. net profits	50.9m	31.4m
Op. net per share	1.35	0.84

BRIGGS AND STRATTON
Small engines, automotive locks

Third quarter	1984-85	1983-84
	$	$
Revenue	207.3m	236.6m
Net profits	12.7m	26.1m
Net per share	0.88	1.80
Nine months		
Revenue	530m	478m
Net profits	25m	22.4m
Net per share	1.72	1.62

CANADA PACKERS
Food processing

First quarter	1984-85	1983-84
	C$	C$
Revenue	2.05bn	2.15bn
Net profits	25m	25.3m
Net per share	2.08	2.10

CHAMPION SPARK PLUG
Automotive parts

First quarter	1985	1984
	$	$
Revenue	221.8m	213.1m
Net profits	9.8m	9.6m
Net per share	0.25	0.25

CLARK EQUIPMENT
Lift trucks, construction machinery

First quarter	1985	1984
	$	$
Revenue	297.2m	211.8m
Net profits	4.4m	2.1m
Net per share	0.28	0.12

CNA FINANCIAL
Insurance

First quarter	1985	1984
	$	$
Revenue	1.04bn	80.4m
Op. net profits	30.6m	28.7m
Op. net per share	0.69	0.60

HOUSEHOLD INTERNATIONAL
Merchandising, finance

First quarter	1985	1984
	$	$
Revenue	2bn	1.89bn
Net profits	48.5m	44.3m
Net per share	0.80	0.76

GENERAL PUBLIC UTILITIES
Electric utility

First quarter	1985	1984
	$	$
Revenue	762.6m	683.1m
Net profits	34.2m	33.3m
Net per share	0.54	0.53

GREYHOUND
Bus line

First quarter	1985	1984
	$	$
Revenue	529m	584m
Net profits	19.1m	12.1m
Net per share	0.38	0.24

GRUMMAN
Military aircraft, space systems

First quarter	1985	1984
	$	$
Revenue	758.5m	598.2m
Net profits	27.2m	25.3m
Net per share	0.90	0.85

FOSTER WHEELER
Process plant construction

First quarter	1985	1984
	$	$
Revenue	257.3m	321.5m
Net profits	8.9m	8.4m
Net per share	0.26	0.25

HERSHEY FOODS
Confectionery

First quarter	1985	1984
	$	$
Revenue	488.2m	435.4m
Net profits	22.7m	19.6m
Net per share	0.73	0.62

HOUSTON NATURAL GAS
Energy

First quarter	1985	1984
	$	$
Revenue	938.7m	579.3m
Net profits	30.3m	20.6m
Net per share	1.22	0.74

HUSKY OIL
Oil and gas

First quarter	1985	1984
	C$	C$
Revenue	199.9m	175.6m
Net profits	26.6m	14.9m
Net per share	0.32	0.15

INTL. FLAVORS/FRAGRANCES
Flavourings

First quarter	1985	1984
	$	$
Revenue	121.3m	122.5m
Net profits	17.8m	18.7m
Net per share	0.48	0.51

KERR-McGEE
Energy, mining, offshore

First quarter	1985	1984
	$	$
Revenue	808.3m	808.7m
Net profits	28.4m	40.3m
Net per share	0.54	0.78

LOBLAW
Retailing

First quarter	1985	1984
	$	$
Revenue	1.51bn	1.38bn
Op. net profits	10.9m	9.7m
Op. net per share	0.28	0.23

SOUTHERN
Electric utility

First quarter	1985	1984
	$	$
Revenue	1.6bn	1.4bn
Net profits	186.6m	165.6m
Net per share	0.78	0.71

SOUTHLAND
Convenience stores

First quarter	1985	1984
	$	$
Revenue	2.91bn	2.87bn
Net profits	16.8m	14.2m
Net per share	0.38	0.30

TEXAS AIR
Passenger carrier

First quarter	1985	1984
	$	$
Revenue	411.4m	265.7m
Op. net profits	6.2m	4.6m†
Op. net per share	0.23	0.56†

† Loss

BP might bid in a British Gas auction

BY IAN HARGREAVES

British Petroleum could be interested in buying the gas exploration and production interests of British Gas, if the state corporation is privatised piecemeal, Sir Peter Walters, chairman of British Petroleum, hinted yesterday.

Speaking at the company's annual meeting, Sir Peter said in answer to a shareholder's question, that it was impossible to say how the privatisation of British Gas would affect BP.

"It is possible that the onshore and offshore exploration of gas may be of interest to us," he said. Referring to the sale of British Telecom, he suggested that the transfer of a public sector monopoly lock stock and barrel to the private sector might not be the best way forward.

In his statement to the meeting, Sir Peter shed little other light on the group's plans for spending the £2.5bn cash mountain it had assembled by the end of last year.

"In shaping the future of the company," he said, "we are convinced that size is not an end in itself. Value and return on capital employed are far more important." He pointed to acquisition last year of Amoco's Australian downstream interests as an example of the kind of purchase which interests BP.

Again in answer to questions, he said that the company was glad to have a two-year breathing space without taking major diversification decisions. "The more you *look into other people's* businesses, the more you should be aware of the pitfalls," he said.

On Kennecott: "We just have to go on trying"

Sir Peter also came in for some strong criticism about the legacy of BP's last major diversification, into mining and minerals through the acquisition of Selection Trust and, via Sohio, a stake in Kennecott.

Sir Peter said that overall the Seltrust assets had broken even over the years, but that they had also allowed BP to launch a major exploration programme, which was beginning to bear fruit.

This £40m, five-year programme was now half way to completion, and had turned up some useful deposits. The major minerals decision of the next year, however, would be on the future of Olympic Dam, a major copper mine in South Australia, which is the subject of a feasibility study now nearing completion. Sir Peter promised a decision by the end of this year.

On Kennecott, Sir Peter acknowledged that the company had been a consistent money loser for both BP and Sohio since the acquisition. "We just have to go on trying," he said.

Sir Peter's remarks on British Gas appeared to take company officials by surprise and were delivered in an off-the-cuff fashion.

But they will be read with great interest in Whitehall, where privatisation plans are due to go before Cabinet shortly. It is widely assumed that Mr Peter Walker, the Energy Secretary, will succeed in persuading his colleagues to sell the corporation as a whole, as British Gas prefers, but Sir Peter's intervention could be influential.

BP played a significant role in successfully contesting British *Gas's recently-vetoed plan to* import £20bn of gas from Norway's Sleipner field.

On the subject of BP's downstream interests in the UK, Sir Peter said BP's petrol business was, at the current official price of 204.6p per gallon, just breaking even.

But Sir Peter said the ending of the miners' strike had resulted in three cuts in fuel oil prices in the last two months, so that pressure on downstream margins remained intense.

Sir Peter added that he expected the business and economic environment this year to be "similar to 1984, but with the U.S. economy slowing down. Competition is likely to remain intense in our major markets."

Sir Peter Walters, chairman of BP . . . "We are convinced that size is not an end in itself."

Burmah Oil licence deal with Taylor Woodrow

By Ian Hargreaves

Burmah Oil is on the verge of completing a series of transactions designed to take further a reorganisation around three main businesses.

It has sold, for between $10m and $15m (£12m), three crude oil tankers and has reached agreement with Taylor Woodrow to buy stakes in 12 oil exploration licences onshore in the UK.

Official announcements about both these deals are expected shortly. Burmah is also working on an acquisition in the U.S. in the speciality chemicals field, although this deal is understood to be somewhat further from completion.

The three transactions, coupled with ongoing efforts to sell the Quinton Hazell automotive parts subsidiary, follow the disposal of £60m of assets last year. Burmah also hopes *to complete* shortly the sale of Tabbert, its West German-based caravan manufacturing offshoot.

Burmah, according to its annual report published yesterday, sees its future increasingly in three areas: exploration and production of oil and gas; lubricants, through the Castrol group, and speciality chemicals. It also has a profitable liquefied natural gas shipping operation, which is not for sale.

Tanker sales

The sale of the three tankers reduces Burmah's tanker fleet to four ships. Two of thse are ultra large crude carriers, one of which is laid up in Southampton. Two of these are ultra large chartered up to 1988.

The ships being sold have been trading in the spot market, and contributed to a *tanker division loss last year* of £5.3m; the ships, the Pearl, the Peridot and the Legacy, are in the 138,000 dwt class.

The expansion of onshore oil interests is in line with Burmah's strategy of trying to broaden the exploration portfolio away from expensive, high risk offshore wells.

It has purchased 12 licences from Taylor Woodrow, subject to Department of Energy approval, with interests ranging from 15 per cent to 25 per cent in each licence. The licences chiefly cover land in the Midlands, although one is in Scotland. Operators for the drilling consortia involved are Rio Tinto-Zinc and Candecca, the Trafalgar House subsidiary.

Problem area

In his introduction to the annual report, Mr John Maltby, the chairman, acknowledges that the Bahamas oil terminal continues to be a problem area, but expresses optimism over the appointment of a chief executive to manage the disposal of Quin*ton Hazell, which lost £3.1m* last year.

ciably improve Burmah's ability to invest in its three core areas.

Burmah's pre-tax profits in 1984, reported last month, rose from £64.9m to £70m with most of the increase due to an improvement in the lubricants and fuels field and a positive contribution from investment income and unallocated central expenses.

The annual general meeting will be held on May 24, at 11.30 am at the Hospitality Inn, Glasgow.

Why Fleet's not interested in a United front

BY SUE CAMERON

Fleet Holdings, owner of Express Newspapers, yesterday set about undermining United Newspapers' *plans to take it over.*

The fast-growing United, owner of the Yorkshire Post and of Punch, announced that it planned to bid for Fleet in March. The proposed bid has been referred to the Monopolies and Mergers Commission which *is expected* to report in about three months' time.

To date, United has disclosed no details of its proposed bid. And Fleet has maintained a low profile, although it seemed clear that it was not enamoured by the prospect of a United takeover.

But yesterday Fleet went on the offensive. In a letter to shareholders, Lord Matthews, chairman of Fleet, spelt out why his board believes that "there appears to be no merit in the approach from United."

The main reasons given are:

- Fleet has "performed strongly under an able and proven management team" since its demerger from Trafalgar House in 1982. Pre-tax profits have grown from £2.9m for the nine months to June 1982 to £17.5m for the year ending in June 1984.
- United, whose acquisitions since 1985 totalled roughly £150m, now needs to devote "a great deal of time" to the management of the "mixture of acquisitions it has already made." Lord Matthews insists that "United now has to prove that it has the management skills to match the acquisition ambitions which have characterised the group in the recent past.
- United's statement in March that the then share price of around 290p "would appear to value fully the business of Fleet" suggests, according to Lord Matthews, a "misunderstanding on United's part of the full extent and strengths of Fleet's business."

In his letter Lord Matthews *also stresses that Fleet is worth* a sum "greatly in excess of the current share price."

This claim seems to be receiving some support from City analysts. Mr Derek Terrington, an analyst with stockbrokers Grieveson Grant, put the value of Fleet between £283.3m "on a going concern basis" and £361.2m "on a break-up basis."

But that was in March. Last night Mr Terrington said his estimates had all been on the basis of Fleet's 1984 figures. He expected the group to do considerably better in 1985 and pointed out that its results could well be out before or at about the same time as the MMC report on United's proposed bid. Good results would clearly have an effect on the price United might have to pay.

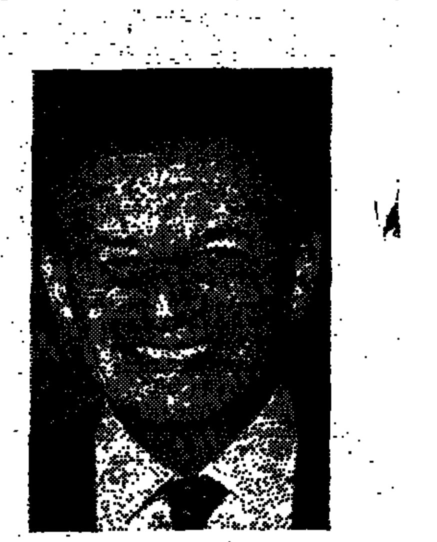
Mr Terrington described Lord Matthews's letter as "an attempt to pohh-pooh the United bid" while at the same time trying to put a floor under any bid price while also attaching a parachute to it.

The feeling in the City seems to be that because of the personalities involved, Fleet is genuinly anxious to avoid a United takeover and is not *chiefly concerned with getting a* high price.

It has been generally assumed that the MMC will be unlikely to block the proposed bid because United does not own any other major national newspapers.

But *in his letter to share*holders Lord Matthews, who points out that Fleet will be asked to give evidence to the MMC, says:

"Fleet has a range of media interests: national and local newspapers, local free newspapers, magazines and television, all of which play a substantial role in forming public opinion. Your board would therefore expect that the reference will need to consider the overlap among these activities."



Lord Matthews *chairman of Fleet*

Saudis back £6m Control takeover

By Charles Batchelor

Control Securities, the property group, is to pay £6m for the Manchester Wholesale Centre in a deal which will lead to Mr Nazmu Virani, chairman of Belhaven Brewery, replacing Mr Roger van Doninck as chairman of Control.

Mr Virani said yesterday that Control intends to dispose of its non-UK and non-property investments to concentrate on the UK property market.

"Control Securities has lost its way in the past," Mr Virani said. "We will give it the leadership it wants. At the moment it has investments in Holland, Australia and South Africa. It is all over the place. We will make it a proper UK property company."

Control's shares, which had ben buoyed by takeover speculation, fell 3p yesterday to 39p.

Control has reached agreement in principle with Zelva Anstalt, a company owned by Saudi interests headed by Dr Samiul Maliq, a business associate of Mr Virani, to buy the Wholesale Centre, Rugby Road, Manchester, for £6m.

It will finance the deal by issuing 11m new shares—giving Zelva a 28 per cent stake in its enlarged equity—and by assum*ing liabilities of £500,000.*

Reuters may bid for ailing UPI

By Charles Batchelor

Reuters, the international business information group, said yesterday it is in talks with UPI, the ailing U.S. newsagency *which filed on Sunday for pro*tection from its creditors.

"We have had various preliminary discussions with those involved with UPI," Reuters said. "We did not arrive at anything substantial and the talks are still continuing."

Reuters refused to disclose what was being discussed but the talks suggest the British agency *might* emerge as a bidder for UPI alongside Mr Pedro Lopez, a Florida businessman who is already in negotiations to buy the company.

Reuters first held discussions with UPI aimed at a possible takeover of the U.S. company in 1981 but after looking closely at its worldwide operations the British group decided not to go ahead. UPI was subsequently bought by Media News Corporation a company owned by a number of U.S. newspaper, cable and television station owners.

Reuters last year bought UPI's non-U.S. photo operation and signed a 10-year photo exchange agreement allowing the two companies to use each others pictures. Reuters' interest in UPI partly reflects a desire to protect the joint picture interests.

A split is believed to have emerged between Mr Luis Nogales, the PUI chairman, and the two principal shareholders, Mr Douglas Ruhe and Mr William Geissler, over the future of the agency.

A U.S. lawyer for Mr Ruhe and Mr Geissler said the agency was on the market for around $10m (£8.2m).

Freezway placing

Freezway, the Scottish food retailer, has raised approximately £500,000 by a private placing of 640,000 of its shares

The fund raising will enable Freezway to accelerate a programme of further development.

Freezway is forecasting profits before tax of £400,000 on turnover of approximately £14m for the year to endMay. It intends to obtain a quotation on the USM or a Stock Exchange listing within the next two years.

Butcher steers towards USM

John Perkins, a West Country wholesale butcher, is joining the USM with a market capitalisation aof about £4m.

The company, which started trading as a butcher's shop in Taunton in 1948, runs an abattoir and a fleet of refrigerated lorries. It bones, packs and supplies meat, mainly beef, to customers including butchers at Smithfield Market, London.

In the past five years, the com*pany has recovered steadily from* a £56,000 loss on sales of £11m in 1980, to pre-tax profits of £614,000 on sales of £15.2m in the year to September 1984. However for the current year, the directors are forecasting a slight drop in profits to £580,000 after a charge of £238,000 (£98,000).

Broker Statham Duff Stoop is offering for sale shares in John Perkins later this month. Based on the forecast profits and a 37 per cent tax charge, the shares are likely to be priced at about *11 times earnings.*

Iceland Foods

The four executive board members of Iceland Frozen Foods have between them sold a total of 640,000 shares in the company—4.5 per cent of its equity—reducing their joint holding to 51.87 per cent. The shares were sold to investment institutions at a price of 459.5p each, rasing £2.94m. The directors said the sales were to meet personal financial commitments and they did not intend to sell any more for the foreseeable future.

Hunting better than expected

ALTHOUGH second half profits at Hunting Associated Industries, aviation support, engineering and resource survey concern, fell from £4.26m to £3.62m leaving the 1984 taxable result £0.72m behind at £5.91m, Mr L. C. Hunting, chairman, says the figures are rather better than expected.

He states that aviation and defence related activities performed well during the 12 months, although other operations in the UK and overseas "are still encountering difficulties with the consequent effect on overall results."

Profits at the interim stage slipped from £2.37m to £2.29m and the directors then said that while the defence and aviation sectors' activities were satisfac*tory overall, the* resource survey part of the group and the non-defence engineering side had been faced with "particularly difficult trading conditions" They added that the group's related company, Hunting Petroleum Services, also reported lower profits.

On the year's outlook they stated that it was likely to be 1985 before the group would see real benefit from new defence contracts and that results for 1984 were unlikely to match those for 1983.

Mr Hunting now comments that results at the year end were rather better than expected at the interim stage and he believes the group will be seeing a resumption of profit growth. "by the end of the year."

Basic earnings per share are given as 38.96p (36.3p) and 25.08p (24.74p) fully diluted, while a higher final dividend of 4p (3.5p) lifts the total to 7p (6.5p).

Turnover for 1984 amounted to £195m *against* £179m and with pre-tax profits were split as to: engineering £97.9m (£97.8m) and £718,000 (£1.88m); aviation support £76.06m (£59.81m) and £4.2m (£2.84m); resource surveys £21.09m (£21.37m) and £358,000 loss (£582,000 profit). Share of profits, less losses, of related companies came to £1.35m.

Tax charge for the year amounted to £1.16m (£1.96m) and after minorities and extraordinary credits £808,000 (£332,000 debits) and a £1.38m provision, last time, for deferred tax, the attributable balance came through much higher at £5.61m, against £2.77m.

Norwich Union managed life funds approach £5bn

TOTAL FUNDS under management of the Norwich Union Life Insurance Society, the life company within the Norwich Union Insurance Group, rose by over £1bn in 1984 from £3.77bn to £4.84bn. The market value of its *investments improved over the* year by more than £1.2bn, from £5.26bn to £6.48bn.

The group maintained its strategy of high equity and property holdings in its overall investment portfolio. At the end of 1984, equity holdings amounted to £2.62bn, while direct property holdings accounted for £1.55bn. In contrast the gilt portfolio was £1.08bn.

The general insurance subsidiary, Norwich Union Fire *Insurance* Cociety, recorded a pre-tax profit of £18.7m, after reorganisation costs of £2m, against £22.1m in 1983.

Underwriting losses during the year reached a record $44.3m, against £25.5m in 1983, but much of this rise was offset by buoyant investment income which rose from £53.6m to £66.1m. Net profit for the year fell from £15.m to £14.2m and the Fire Society paid dividends amounting to £13m to its parent —11 per cent more htan in 1983.

Underwriting results of the Fire Insurance Society were hit hard by the severe weather at the beginning of the year, where some 20,000 bad weather claims were received in January against 15,000 over the rest of the year.

DIVIDENDS ANNOUNCED

	Current payment	*Date of payment*	*Corre-sponding div.*	*Total for year*	*Total last year*
Aberdeen Construct. ...	5.05	July 13	4.4	7.25	6.5
British Inv. ......2nd int.	8‖	—	6.6	14.2	11.7
British Syphon	1.75	June 26	1	3	1
Davis & Newman	7	July 30	7	10	10
Fleming Far East.	2.5	—	1.5	3	2
GR Holdings ....int.	1.6	July 4	1.6	—	7
Highcroft	1.15	—	1.05*	1.95	1.75*
High Gosforth	15	—	15	15	15
Holt Lloyd	2.1†	Aug 2	1.67	3.75	3.17
Hunting Association ...	4	July 26	3.5	7	6.5
Inchcape	11	July 1	11	18.15	18.15
F. J. C. Lilley	2.44	June 7	2.44	3.64	3.64
Ramco Oil	0.45	June 6	—	0.7	—
Utd. Wire ....int.	3	July 1	2.2	—¶	6.25
Wemyss Inv. ....int.	8	—	7	—	20

Dividends shown pence per share net except where otherwise stated.
*Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of 5p forecast. ‖ In lieu of final.

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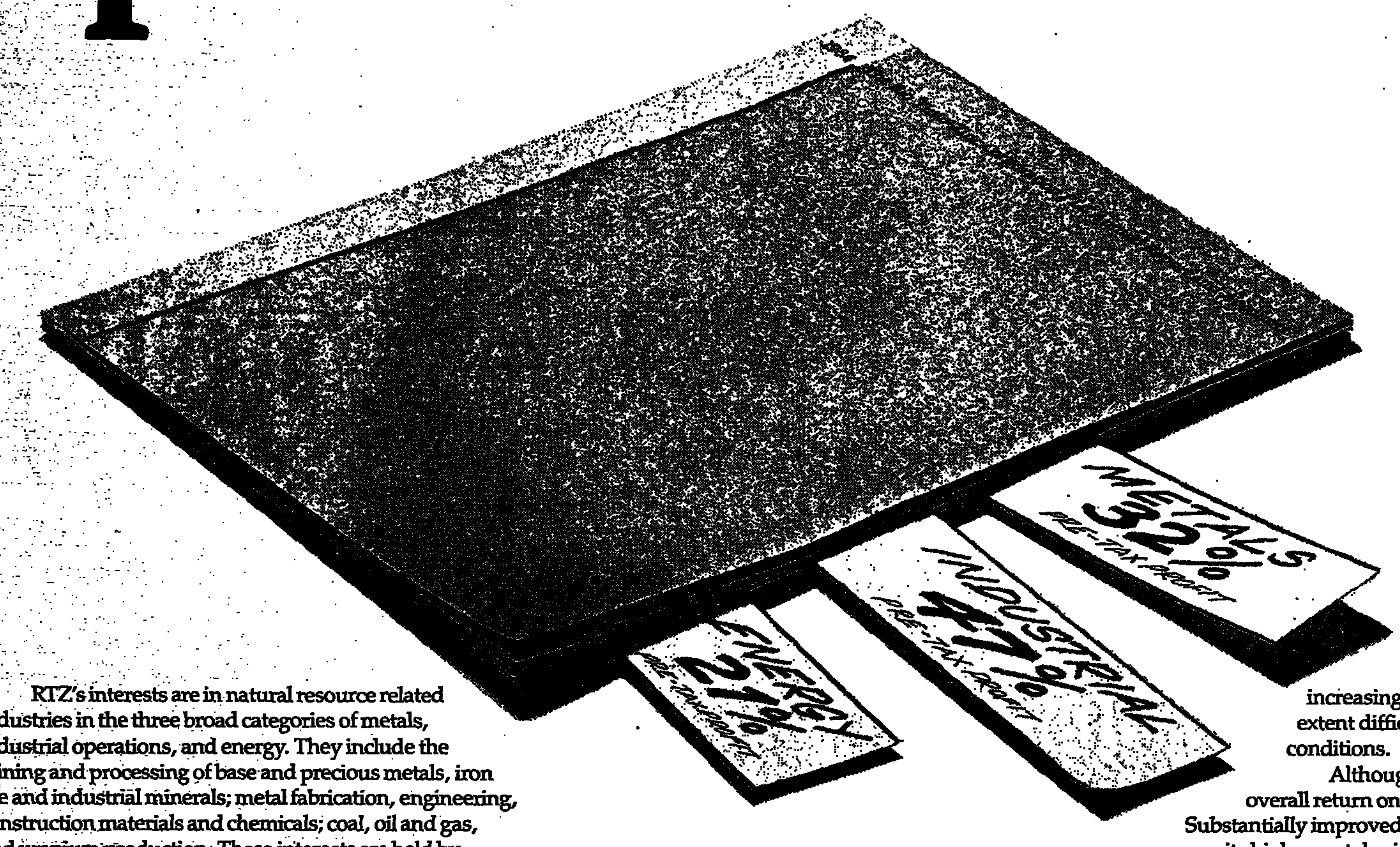
RTZ - a balanced spread of activities



RTZ's interests are in natural resource related industries in the three broad categories of metals, industrial operations, and energy. They include the mining and processing of base and precious metals, iron ore and industrial minerals; metal fabrication, engineering, construction materials and chemicals; coal, oil and gas, and uranium production. These interests are held by subsidiary and related companies which in several cases have large public shareholdings.

Review of 1984

RTZ Group sales and profits, move with economic activity in the UK, Japan, the USA and mainland countries of the European Community. With diversified interests and efficient mines the RTZ Group performed well despite a somewhat stormy business climate.

Metals

Base and precious metals, with iron ore and steel, produced £347 million of pre-tax profit, of which RTZ's attributable share was £167 million, or 32 per cent of the total.

Industrial

Chemicals, metal fabrication, engineering and construction provided £280 million of pre-tax profit, with £247 million attributable to RTZ or 47 per cent of the total.

Energy

These interests comprise oil, gas, coal, and uranium, and provided £174 million of pre-tax profits – £111 million or 21 per cent attributable to RTZ.

Exploration and Research

Exploration, research and other corporate costs amounted to £131 million of which RTZ's attributable share was £101 million.

Chairman's Statement

RTZ's profits have continued to improve. Profit before taxation at £670 million was 16 per cent up; net attributable earnings at £211 million were 22 per cent higher. Earnings per share increased by 15 per cent and it is proposed to raise the dividend for the year to 20p per share.

Excellent figures were again produced by the RTZ Borax and RTZ Pillar groups; these, together with the translation gain on converting dollar earnings into sterling more than offset the generally weaker base and precious metal prices, largely responsible for a disappointing performance by CRA in Australia. In southern Africa, Palabora and Rössing benefited from the weak rand whilst in Canada, Rio Algom had a much better year. In the UK, RTZ Metals also suffered from a poorer mix of metal prices but higher oil production and sterling prices enabled RTZ Oil and Gas to advance its profits. RTZ Cement, by increasing market share, mitigated to some extent difficult demand/price trading conditions.

Although RTZ's profits have increased, the overall return on capital remains unsatisfactory. Substantially improved profitability of our mining interests awaits higher metal prices.

The strategic direction of RTZ

During the year RTZ restructured its head office and made a number of organisational changes. It now has a smaller executive board who, through the chief executive's committee, provide coherent strategic direction for the Group from the centre without undermining the company's long-standing philosophy of and commitment to decentralisation.

Whilst the last decade has been difficult for the mining industry, RTZ's overall profitability has benefited from the broad spread of our successful industrial and non base metal interests.

Most consistently successful companies have built their success by developing in areas they know well. We see the continued success of RTZ as depending upon our depth of understanding of the changes taking place in mainstream Group businesses combined with an ability to seize new opportunities.

In the future, it is likely that RTZ will expand its industrial and oil and gas interests to develop further the balance of activities, but this does not imply a withdrawal from mining. It is our view that there may be more attractive mining opportunities during the next few years than we have seen in the last decade.

Outlook

World economic activity should expand in 1985, but not as rapidly as in 1984. Our industrial interests, therefore, may find it hard to maintain the pace of improvement achieved over the last few years. On the other hand, there are prospects that some metal prices may rise which would assist the mining operations. In the energy sector, conditions will remain difficult but our oil and gas interests should continue to progress. Currency fluctuations will again have influence and, in particular, a weaker US dollar may adversely affect reported sterling earnings.

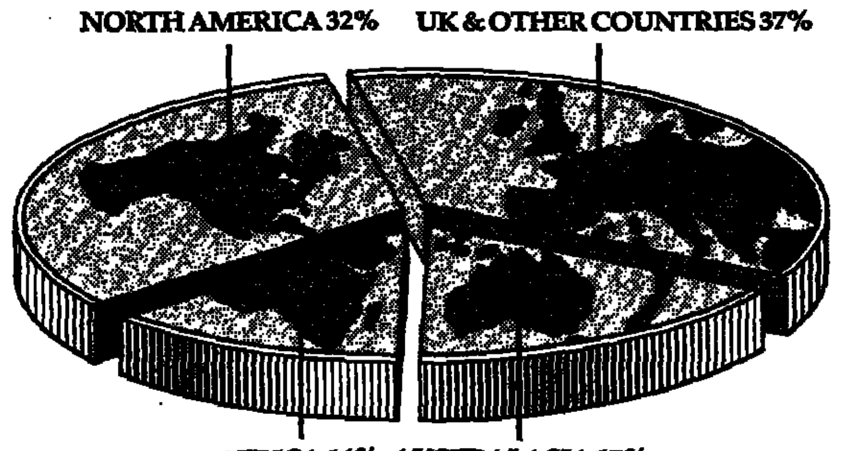
The results achieved in the difficult circumstances of recent years provide a solid base for confidence in the soundness of RTZ Group operations. Their spread and competitiveness are such that we are well placed to create and take advantage of new opportunities.

Alastair Frame
Chairman
6 St. James's Square, London SW1Y 4LD

The year at a glance

	1984 £million	1983 £million
Turnover	**5,948.6**	4,811.0
Proportional equity basis	**3,900.0**	3,197.0
Profit before taxation	**670.3**	575.2
Proportional equity basis	**424.0**	331.0
Net profit attributable to RTZ shareholders	**210.7**	172.5
Total RTZ shareholders' funds	**2,354.4**	2,049.9
Total assets employed	**7,012.5**	6,098.6
Earnings per ord. share	**68.03p**	59.31p
Dividends per ord. share	**20.00p**	18.00p

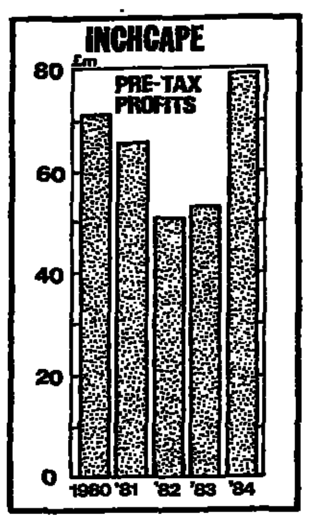
RTZ's share of pre-tax profit by area



If you would like a copy of the RTZ annual report including Sir Alistair Frame's full statement please write to: Central Registration Limited, 1 Redcliff Street, Bristol BS1 6NT

RTZ The Rio Tinto-Zinc Corporation PLC

Inchcape at £79m but 'still not good enough'



INTERNATIONAL trader Inchcape benefited to the tune of £9m from the use of year end exchange rates in 1984, to give *taxable profits ahead by £25.9m* at £78.9m.

Sir David Orr, chairman, said the figures showed that the group madea good recovery from the depressed results of 1982, but added that they "are *still* not good enough. We have some poor performers which have got to be improved or eliminated and we have got to find faster growth from some of those areas which have greater potential."

The group's shares fell 30p to 395p yesterday.

The tax charge for the year was £47.9m, a rate of nearly 61 per cent and £10.9m up on 1983. Inchcape had hoped to cut its tax rate to around 55 per cent, but unrelieved losses, particularly in aviation and in North America, meant that it missed this target.

The chairman said that the group was working hard to improve this situation, and added "we are giving this very high priority." Despite the tax increase, *earnings per share* more than doubled to 29.1p.

Turnover expanded by 18 per cent to just over the £2bn mark, and produced operating profits of £93.7m against £65.8m. The figures include nine months operating profit from Specialist Services International acquired and the chairman says that the group has borne the last of three additional contributions to pension funds of £5.5m.

Mr George Turnbull, chief executive, also revealed yesterday that the group had recently signed a new five-year distribution agreement with Toyota covering Belgium and Luxembourg, and that a similar agreement covering the UK would be signed at the end of the month.

The Far East made the largest contribution, adding £27.2m to operating profits, against £18.4m. This included a "very satisfactory result" from Hong Kong, helped by a substantial increase in trading with China.

The company's two way trade with the Peoples' Republic was up by around 25 per cent to $100m last year, and Sir David said that although he expected that the Chinese authorities might tighten up on controls on import licences and foreign currency, he believed longer term *prospects were good.*

Other notable features of the year's trading included the doubling of the return to £16.5m from India, helped by buoyant tea prices and record production; and the five-fold increase in profits from motor distribution, which contributed £30.6m. The only significant downturn came in the Middle East, where the return slipped from £9.8m to £4.3m.

The final dividend is held at 11p net per share to maintain the total at 18.15p.

See Lex

Good start for enlarged Cookson

BY STEFAN WAGSTYL

Cookson Group, the metals and industrial chemicals company which has expanded rapidly in the U.S., has started 1985 well in many, though not all, its activities, says Mr Ian Butler, the chairman, in his annual review.

The prospects for 1985 are favourable. "The results of *the early months of the year* have increased the likelihood of it being a successful year."

Mr Butler expresses concern about high real interest rates and "high" levels of public spending both in the UK and the U.S. And he says that results will be affected by exchange rates.

However he adds: "The *results for 1984 have placed the* group in a much stronger position and the intention is to further this growth if economic conditions do not deteriorate."

Pre-tax profits last year rose by £34.1m to £55.8m on turnover up 49 per cent to £815m. According to the annual report, 40 per cent of the group's operating assets are now in the U.S., followed by 31 per cent in the UK, 18 per cent in the rest of Europe, and the remainder in Africa, Asia and Australasia.

● comment

Investors staring at a chart of the relentless rise of Cookson shares in the past two years from 120p to 708p yesterday would be forgiven for thinking that they can scarcely go much further. The market, it would seem, is well up with events at the company and its busy rationalisation programme and its expansion into new specialised activities, especially in the U.S. Moreover, it might appear tha the exceptional elements in last year's £34m profit increase—£5m in currency gains and £8m *first-time contribution from* acquisitions—are unlikely to be repeated this year. However, this argument gives insufficient weight to the way Cookson has built up strong positions in its markets—even in its traditional activities it has made a point of building up market share for companies which have not been sold off. The group has every chance of beating £70m pre-tax this year, which on a 30 per cent tax charge puts the shares on a multiple of 9. Clearly, Cookson is still exposed to cyclical influences, since a fair slug of the old Lead Industries survives large discount to the market in the new group. But such a average seems unjustified. While existing shareholders have had a *good ride for their money it is* not too late for others to join them.

Highcroft

Net profits at **Highcroft Investment Trust** rose from £165,000 to £183,000 for 1984. With earnings per 25p share shown as moving *up from an adjusted 3.01p to* 3.35p, following a one-for-one scrip, the final dividend has been lifted from the equivalent of 1.05p to 1.15p, which raises hte total from an adjusted 1.75p to 1.95p.

A revaluation of freehold and leasehold properties at the year end showed a total value of £5.89m, including a surplus of £695,623 which has been transferred to reserves.

Aberdeen Construction below expectations

BY JOHN SHEPHERD

Aberdeen Construction Group has failed to meet its profit projection for 1984 following a slump into the red at its Aberdeen Concrete subsidiary.

However, Mr Alan Chapman, the finance director, said yesterday that this subsidiary would "do no worse than breakeven" in 1985 and the group as a whole "should be ahead" of 1983's £5.24m pre-tax.

The taxable result for 1984 was down by £378,000 to £4.86m after taking account of the subsidiaries' losses of £323,000 compared with profits of £313,000.

Midway through 1984, group profits were slightly lower at £1.71m (£1.74m) pre-tax and the company said it expected the full year's outcome to be in line with 1983's.

Mr Chapmain said that the problem at Aberdeen Concrete was that "orders dropped dramatically" and did not revive. Remedial action had been taken, he said.

Staffing levels were reduced, *but he said this was mainly* achieved through natural wastage and a handful of redundancies. It is now operating at full capacity, although at a reduced level, and after incur*ring a small loss in January it* broke even in February and made a small profit in March.

Mr Chapman said that construction activities were reasonably successful and had a "*reasonable* share o fthe available market."

Total group turnover in 1984 was £6.12m higher at £94.15m. Profits were subject to tax of £2.11m (£2.33m) and, after minorities, dividends and a deferred tax credit adjustment in 1983, the retained balance was £1.55m (£3.6m).

This year will see the benefits from the completion of the Britoil building. Payment of rent commenced in March and will amount to £1.3m this year.

Shareholders are set to receive a higher final dividend of 5.05p, which lifts the total payment to 7.25p, against 6.5p. At last night's closing price of 186p, up 4p, the gross yield is 5.7 per cent, in line with the sectoral average.

Wemyss Inv. Tst

Wemyss Investment Trust saw its net revenue rise from £246,000 to £300,000 for the half year to end-March 1985.

Franked investment income totalled an unchanged £206,000.

The interim dividend is lifted by 1p to 8p net — last year a total of 20p per £1 share was paid. Stated earnings increased to 13.3p (10.9p).

Lilley depressed by contract problems and losses in the U.S.

AS EXPECTED, pre-tax profits at **F. J. C. Lilley** for the year to the end of January 1985 did not match the £13.85m made last time. After a second half downturn of £7.32m to £3.04m, they came through at £7.49m. Difficulties outlined at the interim stage involving overseas contracts, continued to affect trading of this civil engineer and building contractor in the second half, say the directors.

They also point out that for the first time in the five years since the group's initial investment in America, losses were incurred, amounting to £2.5m, compared with profits of £3m.

However with turnover *at a* record of £301.29m, against £230.27m, and with an order book at an "all-time high," with a good inter-continental spread, the directors say that the trading outlook is strong. They believe a return to better profitability can be expected.

Although problems of a timing and non-recurring nature emerged during the year, resulting in a setback in profits, the directors say there is reason to believe that this will be corrected as a result of management steps taken. These include curtailment *or* elimination of certain unprofitable activities in America, the re-definition of policy in relation to involvement in property and the disposal of assets failing to provide a satisfactory return.

The final dividend has been held at 2.44p which maintains the total at 3.64p. Earnings per 25p share are shown as falling from 11.5p to 7.4p.

The directors say the water supply project in Nigeria has not yet been completed because of continuing difficulties and circumstances preventing full resumption of work.

The performance of all UK construction subsidiaries has been satisfactory in a highly competitive market place they say. UK-based construction and related activities produced turnover of £172m (£170m) and profits of £10.7m (£11.6m). *This* included overseas turnover of £13.7m (£32.7m).

The directors point out that difficulties in America arose from continued losses at Petro-Chem and Dessau which involved further write-offs in the second half. They regard this setback as short-term and will continue their support and commitment of resources to the American market.

● comment

A £5.5m switch in the U.S. from profits of £3m to losses of £2.5m *almost exactly accounts for the* pre-tax drop at Lilley. The intention to dispose of the poorest performing of the American subsidiaries, Harold Dessau, holds out the hope that *this year will see at least* a break even result across the Atlantic. The shares have been riding in the lowest ever regions for some time now—64p is only 1p off the bottom — *and clearly the maintainence of* the dividend is aimed at lending support. With a yield of 8.13 per cent compared with 5.84 per cent at the previous year-end, the shares should be kept from *sinking any further.* While overall margins have shrunk the group has been more or less able to hold the profit line in the UK and the news from Nigeria last week is that the equipment needed to complete the £40m water supply contract has finally got its clearance and this should boost the coming year's performance. On the debt front borrowings have had to be increased and the group has moved from being a net earner of interest to a net payer — at the year-end net debt stood at some £10m. Allowing for break even in the U.S. but *not* much growth in profits elsewhere, the market is looking for £10m. The prospective p/e is just over 7 (30 per cent tax).

Dan-Air margins under pressure and profits fall

SECOND HALF taxable profits of **Davies & Newman Holdings,** shipbroker, ships' agent and Dan-Air airline operator, fell by *£1m to £6.1m and, after absorb*ing higher first half losses, left the full 1984 result behind at £3.11m, compared with a record £4.31m previously.

Turnover expanded from £196.13m to £242.85m.

The directors say that the year was difficult, but are satisfied that every effort was made to combat the problems experienced. These were mainly on the aviation side where there was intense competition, both in the inclusive tour market and on scheduled services.

They add that in spite of the large increase in the airline's turnover and greater efficiency, the reduction in profit "demonstrated the extent to which margins were under pressure."

The dividend, however, is maintained at 10p net per 25p share, with a same-again final of 7p, and directors are proposing a one-for-10 scrip issue.

Despite the increase in group turnover operating *profits* were virtually halved at £1.84m, against a previous £3.51m.

Pre-tax figure was helped by a much higher share of associates' profits of £1.41m (£502,000), but *was struck after increased* interest charges of £1.52m (£1.17m) and no surplus this time on disposal of aircraft (£506,000).

After tax of *£773,000* (£1.85m) earnings are given as £2.33m (£2.46m) or 36.6p (38.6p) per share.

A big effort, directors say, was made to expand the company's aviation activities and additional flying resulted in a 24 per cent rise in turnover. In the inclusive tours field a large programme was mounted, but because of the competitive nature of the business, margins were reduced, they explain.

From the UK and Berlin, Dan-Air aircraft flew to some 80 holiday destinations, and during the peak season over 450 charter flights per week were being operated.

In spite of the continued depressed state of the shipping industry, the company's shipbroking subsidiary achieved a much improved result and directors say there are no signs at this time of any change in activity.

The oil drilling services company, Dan-Smedvig continued to expand and had an "exceptionally good year."

The directors feel it is too early to forecast likely results *for 1985.*

MINING NEWS

RTZ chief sees much brighter outlook for mining industry

BY KENNETH MARSTON, MINING EDITOR

"BY THE early 1990s, and in some instances sooner, the capacity to supply most metals will be back in broad balance with demand for the first time since the early 1970s," says Sir Alistair Frame in his first annual statement as chairman of **Rio Tinto-Zinc Corporation,** the UK-based international mining, industrial and energy group.

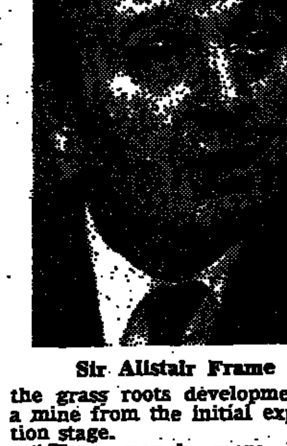
He points to the continuing growth in demand for metals, the economic exhaustion of many existing mines and the virtual drying up of investment in major *new capacity.*

Because of the long lead times required for the development of new mines, "decisions must be made within the next year or so for the next generation of successful mining projects."

This view suggests a subtle departure from current mining industry thinking which is largely concentrated on survival in many cases or, at best, the development of only the smaller good grade mineral deposits which can be brought to production quickly at a relatively modest cost.

Many mining and oil companies with proven mineral deposits are more concerned with offering them for sale. RTZ is clearly hoping to pick up some bargains in this respect, although it is not interested in company takeovers as *such.*

Clearly, the purchase of a proven mining prospect offers a quicker road to return on capital and, possibly, lower cost, than



Sir Alistair Frame

the grass roots development of a mine from the initial exploration stage.

"There may be more attractive mining opportunities during the next few years than we have seen in the last decade," says Sir Alistair, adding that, "the mining industry's longer term outlook is much brighter."

Even *so,* he says that RTZ is likely to expand its industrial and oil and gas interests.

This year, however, the industrial side is expected to have difficulty in maintaining its pace of improvement, and conditions will remain difficult

Phelps Dodge hopeful of continuing improvement

THE U.S. copper-producing **Phelps Dodge** could be profitable in the current quarter and the *full year if the economy stays on* course, said Mr George Munroe, the chairman, after the New York meeting.

"If the economy does not *worsen* we *expect to make a* little money this year," he said, adding: "We had a pretty good month in April." As already reported, the company earned a modest profit of $1.6m (£1.32m) in the first quarter, after three years of heavy losses.

Mr Munroe said he would be happy if the company sold anything between 25 per cent and 40 per cent of its Morenci, Arizona, copper operations to **Sumitomo Mineral and Sumitomo Corporation.** He expected some announcement on the negotiations within the next two weeks.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 1 1985	Increase (+) or Decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	6,227,946,983	— 826,230,165
Bankers Deposits	655,558,435	— 107,412,173
Reserve and other Accounts	1,617,328,337	+ 126,458,795
	7,515,686,705	— 805,183533
ASSETS		
Government Securities	622,342,648	— 69,515,027
Advance & other Accounts	911,135,003	— 390,881,811
Premises Equipment & other Secs.	5,976,196,018	— 342,159,185
Notes	5,804,353	— 2,614,102
Coin	215,635	— 13,408
	7,515,685,705	— 805,18,533

ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in circulation	12,164,195,647	+ 72,614,102
Notes in Banking Department	5,804,353	— 2,614,102
	12,170,000,000	+ 70,000,000
ASSETS		
Government Dept	11,015,100	—
Other Government Securities	2,045,519,008	— 260,903,169
Other Securities	10,113,465,892	+ 330,903,169
	12,170,000,000	— 70,000,000

UK COMPANY NEWS

British Syphon sees big profit jump

British Syphon Industries continued its recovery during 1984 with a 160 per cent jump in pre-tax profits to £1.07m against £412,000 previously. At the half way stage the group, which manufactures drinks dispensing and vending machines, had improved profits from £86,000 to £613,000.

The figures do not include the results of the East Lancashire Paper Group, acquired in December 1984, at which time British Syphon made a profit forecast of £1m.

In the light of the figures, and the board's continuing confidence in the future, the total dividend is lifted to 3p with a 1.75p final against a single 1p final payment last time. Stated net earnings per 20p share more than doubled to 7.51p (3.11p).

A one-for-four scrip issue is also proposed.

Mr Bryan Morrall, chairman, says that the current year has started well for the group, and management accounts for the first three months lead the board to expect a "substantial increase" in profit and earnings for the year as a whole.

Mr Bryan Morrall

Turnover for the year under review moved ahead to £22.34m against £22.05m.

After tax of £158,000 (£54,000), net profit emerged at £916,000 (£358,000). There was an extraordinary charge of £865,000 (£331,000). Some £610,000 of this, as reported at the interim stage, was due to reorganisation of group activities to build for future profitability, the chairman says.

The main increases since then have been £99,000 in bid costs, and crystallisation of a contingent liability of £145,000, referred to in the 1983 accounts. Steps are being taken to recover this sum the chairman says.

Profit attributable to shareholders almost doubled to £51,000 (£27,000). Dividends will absorb £369,000 (£126,000) leaving a retained deficit of £318,000 (£99,000).

The businesses of East Lancs have been restructured, and their integration into the group is proceeding smoothly, Mr Morrall adds. Appropriate efforts are in hand to improve the profitability of those businesses, he says.

● comment

With results in line with expectations what has boosted British Syphon's shares—up to a record 147p yesterday — are reports that it has successfully began the process of converting the East Lancashire Paper group's £60m turnover into a profit-making concern. For the parent, which is essentially now a small industrial holding company operating a series of niche businesses, the addition in December of East Lancs takes the group into the £80m plus turnover bracket—that is from the small to the middling size of company. The inhouse company doctor skills are being applied to the paper maker and distributor at a rate of knots and increased emphasis on speciality paper plus some direct deals with major consumers are expected to show through below the line in 1985. Clearly with soda syphons now a thing of the past, the 10 man business was the subject of a £100,000 management buyout last August, the company's name no longer fits its range of activities. Having got East Lancs with a more or less clean balance sheet the first group aim has to be to get gearing down from the 100 per cent plus it has reached as a result of the £5.45m purchase. Ambition for growth could still see more purchases and the word in the market is that Syphon are on the look out for a badly run £50m turnover company to buy up. For 1985 the analysts are forecasting £2.8m pre-tax.

Platignum placing for £0.4m purchase

By Lionel Barber

Platignum, the fast-recovering pen and plastics mouldings manufacturer, is to pay just over £400,000 for a private London-based merchandising business, John Barr.

Barr specialises in merchandising household linen goods in the cash and carry market. Platignum said yesterday that the acquisition would help the group to reach bulk buyers and to improve its distribution.

"It will also help us to expand our stationery business," said Mr Christopher Andrews, Platignum's chairman.

The group is to finance the purchase through a vendor placing of 6.28m shares at 8½p which will raise around £485,000. The placing represents around 12.56 per cent of the group's expanded share capital.

John Barr achieved a pre-tax profit of £88,000 on turnover of £2.6m for the 10 months ended January 31 1985. Platignum will pay £200,000 immediately, a further £200,000 over the next two years and a sum related to the company's future profits.

Last March, Platignum announced pre-tax profits of £106,000 on turnover of £8.39m, a turnround from the previous year's losses of £459,000.

Ramco buys Scottish rig welder

Ramco Oil Services, which provides specialist corrosion control services to the oil and gas industries, is to pay up to £3m for Thomson Welding, an offshore structures welder based near Inverness.

The announcement coincided with Ramco's first results since coming to the USM last year. These met market expectations with taxable profits of £910,000, up from £847,000, on turnover ahead by £1.7m at £10.06m.

The Thomson deal, expected to be completed before the end of May, "represents a logical addition to Ramco's coating and access service divisions, and will broaden the range of specialised services," according to Mr Steve Remp, Ramco's chairman.

The terms of the purchase are for £800,000 to be paid on completion, of which £450,000 will be satisfied by the issue of 703,125 new Ramco ordinary shares of 10p each, with the balance in cash. The vendors have agreed not to dispose of the shares for four years without the approval of the Ramco board.

In addition the vendor will receive £20,000 in cash for the freehold property from which it operates, and the total consideration could reach £3m in a profit-performance related agreement.

The chairman says that the current year has begun slowly in all divisions, but says that there are now clear signs that the main North Sea yards will be rapidly building up their onshore activity as a result of orders now imminent. Ramco's business will benefit from this increase in activity.

He says that tubular services can be expected to improve throughout the year as a result of an increasing contribution from pipe care units. Coating services began with several offshore contracts in hand, and more can be expected. The business in onshore construction remains unsatisfactory due to the very low level of activity in that sector.

A final dividend of 0.45p for 1984 makes a total of 0.7p per share, with earnings stated at 3.97p (4.07p).

The tax charge was £312,000 (£289,000).

Acquisitions boost Holt to £6m

Holt Lloyd International saw some of the benefits of recent acquisitions show through in its results for the 53 weeks ended March 2, 1985 with turnover and pre-tax profits up by 38.6 per cent and 47 per cent respectively.

Furthermore, Mr Tom Heywood the chairman, tells shareholders that the relative strength of sterling at present is not expected to impair the group's growth expectations in the coming year since all subsidiaries are projecting higher profits and the full benefits from last May's acquisitions are yet to be received.

Following the purchase of Kert Chemicals and Turtleline a year ago, and with the group growing at the rate of some 15 per cent (excluding the effects of currency movements and acquisitions), turnover for the 53 weeks soared to £76.31m, an improvement of £21.26m over the figures for the previous 52 weeks.

At the pre-tax level profits surged from £4.24m to a record £6.24m and, compared with a forecast of 3.5p, shareholders will receive dividends totalling 3.75p on the enlarged share capital, an improvement of 18.3 per cent over last year's 3.17p.

With the U.S. acquisition of LPS Export in 1979 and Kert in Canada last year over 40 per cent of group trading profits (£7.19m, against £4.84m) now come from the sale of industrial speciality chemicals. On the North American continent they account for more than 90 per cent of be group's business.

Mr Heywood says this development is of "considerable significance." He adds that it gives the group a new dimension, while making it less vulnerable to some the factors which affected its performance in the early 1980s.

It is also consistent with Holt's policy of international expansion in related fields.

The chairman points out that car care continues to be the bedrock of the group's business.

The UK operation, he says, is now buoyant than for some years while overseas, good growth continues to be achieved.

Interest payments increased from £656,000 to £995,000 last year, due to continuing high interest rates and increased borrowings associated with the Kert operation.

Total net borrowings were maintained at less than 40 per cent of shareholders' funds.

Tax accounted for £2.79m (£1.66m) and minorities for £324,000 (£228,000). There was an extraordinary debit this time of £28,000.

Earnings per 10p share rose from an adjusted 6.28p to 7.1p.

Yorkgreen says wait

The independent directors of Yorkgreen Investments, currently subject to a £1.66m takeover bid from Talbex Group, yesterday advised their shareholders to take no action. Yorkgreen and Talbex share a common chairman in Mr David Green.

The independent directors said they noted Talbex's two-for-one share offer; that it had been announced without prior detailed discussions with them and that they were taking independent advice.

Talbex already holds 2.7 per cent of Yorkgreen, while Mr Green and his family own a further 18.02 per cent. Yorkgreen in turn has 9.97 per cent of Talbex.

Fraser share buy

House of Fraser, which last Monday launched a £9.6m agreed cash bid for Ingall Industries, yesterday bought 180,800 shares in the funeral directors, lifting its stake to 4.6 per cent. Ingall directors have given irrevocable undertakings for a further 5.46 per cent of the shares.

Property disposal behind increase at GR Holdings

DURING the six months to December 31, 1984, the sheepskin side of G. R. (Holdings) remained depressed and so far there has been no sign of a recovery.

The fur merchanting activities traded "reasonably" satisfactorily but the directors warn that the current wide fluctuations in exchange rates will inevitably make the trading results of the sector more volatile in the coming months.

Overall, the group's trading activities contributed little to an improvement in the interim results. However, the benefits from the sale of its share in two property partnerships enabled the GR to raise its pre-tax profits from £820,318 to £1.19m.

The second six months will also benefit from further property transactions.

Turnover for the opening half improved from £14.55m to £16.47m. The Grayshott Hall health and relaxation centre returned better results.

After all charges, including tax of £515,000, against £285,000, group profits emerged at £872,863, compared with £535,318. After adjusting for minorities the available balance came through £146,103 ahead at £679,570.

Earnings rose from 10.9p to 14.4p per 25p share. The interim dividend is maintained at 1.6p net — for 1983-84 a final of 5.4p was paid from pre-tax profits of £1.71m.

Last month the directors said they were seeking consents to allow the company to buy up to 1m of its ordinary shares within a price range of 50p to 265p. After further consideration they have decided to increase the upper limit of the price range for which authority is sought from 265p to 285p.

Subject to receiving the necessary consents, details of the proposed purchase will be circulated to shareholders.

Gosforth Park

Pre-tax profits of High Gosforth Park, the Newcastle racecourse, fell from £48,703 to £35,185 in 1984 but the dividend is held at 15p net per £1 share.

Turnover improved to £843,945 (£611,355). Tax accounted for £1,496 (£8,617)—last year extraordinary items took £74,183. Earnings per share were 37p (44.1p).

United Wire boosted by strong demand

Except for non-ferrous wire from North America, the level of orders received at United Wire Group continued strong during the six months ended March 30 1985 and lifted the taxable surplus from £842,000 to £1.37m. Turnover was slightly lower at £10.38m against £10.54m, for this rod and wire, paper machine wire and fabric maker.

Comparatives include results of Star Screens (Pty) and Thule United U.S., both of which were disposed of before September 29 1984.

Seamark Systems has recently won a £1.3m order for Flexiweight, a new product for stabilising sub-sea oil and gas pipelines. This is due for completion in the second half of the year and with the anticipated trading conditions for the remainder of the group, the directors say this should ensure a "creditable trading performance for the year as a whole."

After tax of £593,000 (£320,000) earnings per share are shown as 9.56p (6.41p) and the interim dividend is lifted from 2.2p to 3p. The directors intend to recommend a 5p (4.05p) final.

No offer for Carpets

Carpets International, the Kidderminster-based group, said yesterday that Interface, a rumoured bidder, had notified Carpets that it had no intention of making an offer for the company. Carpets shares closed at 75½p, up 2½p on the day and 13p on the week.

Northern Foods

Northern Foods' pre-tax profits for the year ended March 1985 will be not less than the £53.3m earned in the previous year, the company estimated in a circular giving details of its £51m purchase of Express Dairies' north of England milk business. While Northern Foods is only one month into the current financial year trading is in line with expectations. The board looks forward to this trend continuing and is confident the Express business will provide a useful contribution to future profits.

Turner & Newall

Despite a disappointing start to the year in UK construction materials the directors of Turner & Newall are expecting a continued improvement by the group for 1985.

Sir Francis Tombs, the chairman, told the annual meeting that the results of TBA Belting were improving steadily and that improved results were now coming through in India.

He pointed out that considerable opportunities existed within the gorup, both for development of its wide market opportunities and increased efficiency of production.

The meeting was told that the directors were examining a number of "exciting" opportunities outside the gorup, both at home and abroad.

Coloroll

The offer for sale by the Coloroll Group of 13.5m ordinary shares was oversubscribed. Details of applications received and the basis of allocation will be announced as soon as possible.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Finals—Air Call, Henry Boot, Photax (London), Richardson Westgarth, "The Times" Veneer.

FUTURE DATES

Interims—	
Circaprint	May 10
Wardle Storeys	May 9
Finals—	
Buckleys Brewery	May 22
Computer & Systems Engnrng.	May 16
Courtaulds	May 28
GT Dollar Fund	May 8
GT Global Recovery Inv. Tst.	June 7
Gerrard & National	May 21
Hartwells	May 15
London Park Hotels	May 8
Northern Securities Trust	June 13
Readicut International	May 13
Rolfe & Nolan Computer Srvcs.	May 22
Rothschild (J.)	July 1
Scottish Northern Inv. Trust	May 10
UEI	May 9
Whitbread	May 22
Whitbread Investment	May 15

THE MANAGEMENT PAGE

THERE is a distinct possibility that Western Europe will be *left with only* one credible multinational car producer—Volkswagen of West Germany—as the industry moves into the 1990s. The U.S. will have two, Ford and General Motors, *and Japan at least four: Toyota,* Nissan, Honda and Mitsubishi.

Renault of France, the other European company which has been driving hard to become a complete multinational, has stalled; it is in a position where it could well study the lesson of Volkswagen. However, the new president, Georges Besse, whose experience of the industry dates back only as far as January this year, might well reverse the policies of his predecessor, Bernard Hanon, and draw back to the group's core vehicle business in Europe.

Besse was called in by France's Socialist government after it learned that Renault would report record losses for 1984: FFr 12.55bn (£1.06bn).

Volkswagen, in which the local state and Federal governments between them hold a 40 per cent interest, also went through the trauma of deep losses—a total of DM 515m (£134m) for 1982 and 1983. Now it is very much in the black and yesterday announced nearly tripled earnings of DM 140m (£36.4m) for the first quarter of 1985.

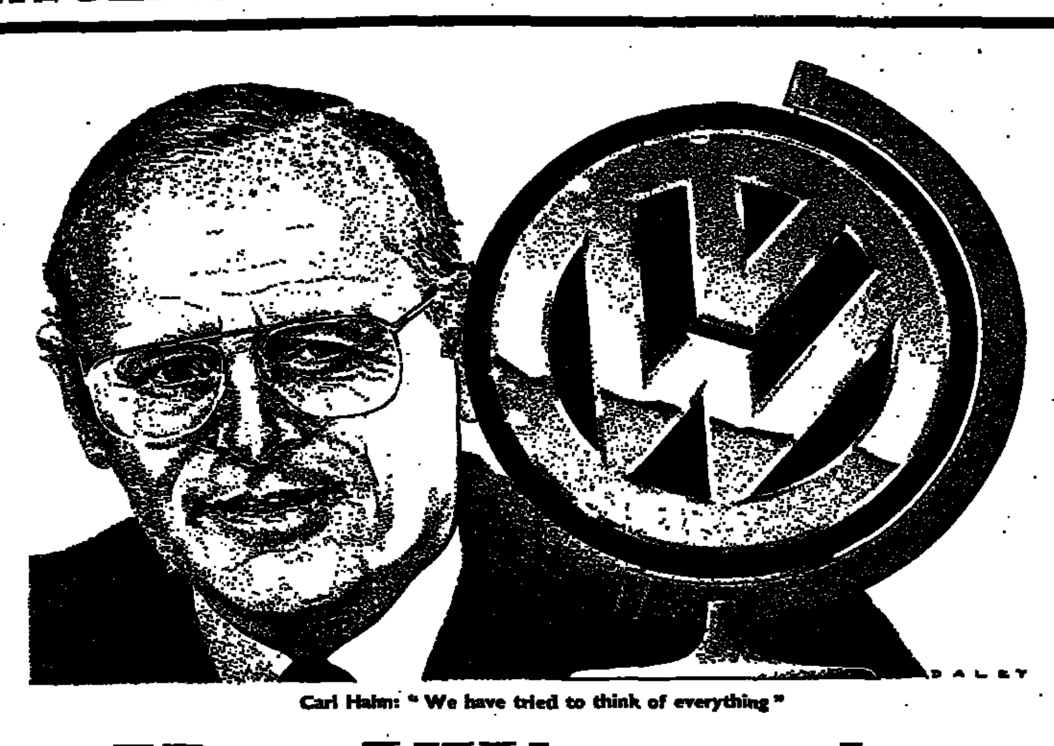
But it has pressed on with its expansionist, international plans and refused to withdraw from car production in the U.S. in spite of severe difficulties there.

To start with, VW could see that drawing back into Western Europe would mean relying entirely on a "domestic" market which is the most competitive in the world. The difficulties are well documented: low growth in demand; declining output caused by Japanese and American infiltration of European markets plus Japanese domination of export *territories where* European products once predominated. These factors all combine to produce excess capacity and low prices.

The European Community is struggling at a painfully slow pace towards harmonisation. In the meantime, those countries with established volume car producers still see those com*panies as "national champions."* The producers still perceive other Community countries as "export" markets. The result is that the Europeans prey on one another like pyranas in a fish tank that is too small.

And the competitive position can only become more severe.

"We already see the Americans in Europe and the beachheads *of the Japanese in* Europe," points out Dr Carl Hahn, Volkswagen's chairman. The Americans are also developing their relationships with the



Carl Hahn: "We have tried to think of everything"

How VW uses the world as its market

BY KENNETH GOODING

Japanese and making huge investments in Mexico, he points out.

"I wonder what people are *waiting for in the way of* additional messages before they realise that this IS the future: one world market for cars where the customer is pampered by every automobile manufacturer in the world."

VW read the writing on the wall and has been positioning itself to face the competition from the Japanese and U.S. groups, whatever *alliances* they *might form* or whatever actions they might take in that "world" market.

Hahn says: "We have to pre*pare for* the 1990s. That is why we consider our Brazilian and U.S. operations and our link with Nissan in Japan so important. This should give us the flexibility to react in case anybody should want to increase the competitive pressure in Europe. However," he adds with a wry smile, "we have tried to think of everything but we can be sure that something we have not thought of will also happen."

The ties with Nissan, Japan's second-largest vehicle group, are loose at the moment. Nissan is building the VW Santana car under licence at the rate of about 25,000 a year for sale *mainly in Japan. But the rela*tionship obviously is capable of development.

Latin America has been a source of components for VW for many years. Engines have been made by the Brazilian VW company for 20 years and the Mexican subsidiary has 10 years' experience.

"We produce the same type of engine with the same up-to-date technology as the engine which comes from our European engine plant at Saltzgitter," says Hahn.

"So we have practiced the international exchange of components for many years. We also practice—but not yet to Europe—the export of cars from Brazil to Mexico. We are one of the top two exporters of cars from Brazil to the Middle East and Africa."

Brazil and Mexico give VW the opportunity—which would not be available to high-cost West German producers—to tackle markets where the company meets the Japanese in head-on competition. Hahn reveals: "We are considering opening up new markets for the 1990s to do what the competitive conditions require if *we are to maintain profitability.*"

(The most recent new market opened up by VW is China, where there is a long-term agreement to produce the Santana.)

Back home in Europe, VW until recently lacked Renault's spread of production bases—the French group produces cars in Spain and Portugal as well as France.

But VW pulled off a considerable coup by stepping in to fill the gap left in 1980 when Fiat of Italy pulled out of its 30-year relationship with Seat, the state-controlled Spanish group.

So far VW has avoided putting one pfennig into Seat (Fiat pulled out because it was being asked to pump more money into Seat) but has provided technical help, devoted a great deal of management time to the Spanish company and helped considerably as Seat struggled to set up its own distribution network throughout Europe.

Seat in return has opened up the Spanish market to VW by putting the German group's cars on sale through the Seat distribution chain—thus pushing VW's share of that market up from 0.5 per cent in 1982 to around 5 per cent—and is building VW Polos, Santana and Passat models under licence.

Now negotiations have started for VW to buy a majority stake in Seat from the Spanish authorities. Whatever the outcome, and there are some substantial financial hurdles to beovercome. VW still has a long-term contract with Seat. And many observers expect VW to take advantage of Spain's lower costs and have Seat build the replacement for the Polo, its smallest and cheapest car, which is currently assembled mainly in Germany.

Hahn will not be drawn on that particular subject but he says: "Our objective is to have a step-by-step integration with Seat. We know the objectives, we have the goodwill but we *don't know the financial facts* yet."

While VW's move into Spain has gone smoothly so far, its U.S. production operations have had an extremely bumpy ride and posed many serious questions for the company.

When the assembly plant at Westmoreland, Pennsylvania, in 1978 started to build U.S. ver*sions of the Golf, then known* as the Rabbit in the States, it was expected to help boost VW's share of the U.S. car market to 5 per cent by 1985.

Instead, sales of products in the U.S. have plummeted from 177,000 in 1980 to 74,000 last year.

VW was just in time to halt expansion plans, and a second *assembly facility* at *Sterling* Heights, Michigan, was sold off in a partly-completed state to Chrysler.

But VW sees the cost of keeping the Westmoreland plant going as an insurance premium. The facility would come into its own if the dollar crashed and made exports from Germany too expensive or in the event *of American protectionism*—*so* far aimed almost exclusively at the Japanese car makers—being directed at the Europeans as well.

"We have restricted the U.S. operations in a way that enables us to maintain the 'insurance' element and also to take advantage of the high value of the dollar, with all the necessary *flexibility. That gives us* the best of both worlds.

"We have a good, one-shift operation at Westmoreland right now and can live with that. With the dollar where it is, it would be foolish to go beyond this point," maintains Hahn.

The U.S. business as a whole was highly profitable last year as the group boosted sales of imported VW cars from 77,000 to 103,500 and those of its up-market Audi vehicles from 48,000 to 71,000.

As part of its long-term strategy VW has separated the Audi operations and given the Audi management the job of developing an up-market, sporty image for the marque.

This makes sense at a time when the only companies regu*larly to have reported* profits are Mercedes, BMW, and Volvo (recently joined as a profitmaker by Saab).

With Audi now back in its stride, Hahn can claim: "We have no excess capacity in Europe, no old capacity. We have invested a tremendous amount but nevertheless we have generated more cash than we invest. Our cash position, in terms of liquidity, at the end of 1984 was better than in 1983—even though we lost one month's production last year.

So VW is *not* on the defensive and *has no* need, *for* example, to go out of its way to look for joint-venture projects like some other European companies. Its major current co-operative venture is with Renault to develop and produce a four-speed automatic gearbox for small, front-wheel-drive cars. Demand for automatics in small cars is so limited in Europe that the two manufacturers decided to share the cost.

Hahn is sceptical about joint ventures being a salvation for ailing companies. "Links for *components do not change your* core problems. You have to have a sound base. You cannot replace a *sick base* with joint ventures. With a sound base you can buy whatever components *you* require from outside suppliers."

He adds: "In Europe we have to have higher labour productivity in the motor industry as a whole. We have to have higher intellectual productivity than in the past. Then, at least as important as labour productivity, is capital productivity, by which I mean not *only fixed capital but also* inventory of raw materials and finished products.

"The Europeans have a lot to do, but everybody is working hard on this."

Hahn suggests those European companies which share with VW the benefits of sending cars to the U.S. when the value of the dollar is high *should use the breathing space* to "build reserves and to repair the damage of four years of recession."

As for VW, "we feel, after a turnround, we are now heading in the right direction with modern products, high-speed investments and an international *linkage*."

IoD report

Critical view of nominee directors

A SHARP reminder that a company director "acts as a *representative of all share*holders, not as a delegate of all shareholders, and still less as a delegate or representative of some shareholders or debenture holders" is given by the Institute of Directors in a report just published.

The institute maintains that the practice of appointing directors to company boards "simply to guard the interests of outside bodies who have a stake in the company" should be ended. Indeed, it points out that because such appointments "*may go against the general* interests of the company, it is totally incompatible with the legal duties of a director".

The IoD's recommendation follows the report of the Public Accounts Committee on the DeLorean case which raised a number of questions about the role of nominee directors. As well as outlining *its views on the correct role* of company directors the institute has also prepared a note setting out the legal autherities for the principles it sets out and has made a copy available to the Public Accounts Committee, together with its recommendations.

Institutional or corporate investors, the IoD believes, *should* pay close attention to the composition of boards of companies in which they invest. But the best way of doing this is not through nominee directors, but by "exerting influence to ensure that the members of the company as a whole appoint appropriate directors, including an adequate number *of* properly qualified non-executive directors formally independent of both the existing management and existing financial interests."

The institute warns not only of the hazards of nominee directors contravening laws regarding where their interests should lie but also of the dangers of falling foul of legislation regarding insider information and the rules of the Stock Exchange on access to information about a company.

An individual nominated by an investor to act as a two-way channel of communication between the investing institution and the company should give rise to "a considerable legal and practical impact on the position of the individual concerned . . . .". The institute points out that "very real restrictions" exist on a director "supplying to third parties more information than *is made public or* supplied to all shareholders."

The institute poses three questions in trying to arrive at a solution to the problems facing directors' interests. First, "what information is a shareholder entitled to require of a company in which he holds shares?"; second, "to what information about a company is a director entitled?"; and, third, "how far is a director entitled to pass such *information* on to a third party?".

Not entitled

In short, it says, the answers are that a holder of shares "is not entitled to any *special* treatment as to *information*, though the holder of a contractual interest may be if the supply of such information is a term of the contract"—this might apply, for *example, with a debenture* holder.

If a right of access to company *information* were given it might lead to actions for "unfair prejudice" by shareholders who did not have the same right. Then again, if any information supplied was price sensitive insider dealing provisions would come into play. *Differential* access of information would also contravene Stock Exchange rules.

As to the second point, a nominated director is entitled "only to any information about that company which is necessary to enable him to perform his function as a director of that company."

Therefore, rights of access do not extend to information "which might simply be useful for some purpose independent of, let alone prejudicial to, the interests of the company."

And, finally, such a director may pass on information about the company "*only* so long as it is not against that company's interest for him to do so and he cannot bind himself to pass on all the information he receives about it."

CARREFOUR GROUP

	1984	1983	%
Sales (in billions of French Francs)	39.3	32.6	+20.5
Cash flow generated by operations (in millions of French Francs)	1 129	994	+13.6
Net income before exceptional items (in millions of French Francs)	428	356	+20.2
Per share (in French Francs)			
Primary	144.72	121.09	+19.5
Fully diluted	138.24	115.44	+19.7
Net income (in millions of French Francs)	486	389	+24.9
Per share (in French Francs)			
Primary	164.34	132.32	+24.2
Fully diluted	156.38	125.65	+24.4

FINANCIAL TIMES SURVEY

Friday May 3 1985

Property along the M25

London's orbital motorway, due for completion in 1986, may be the most important development for the region since the underground railway. M25 fever is already rife in the property sector.

Contents

Editorial Production: David Lowson

Markets jump the gun

By Michael Cassell

THE BOROUGH of Thurrock in Essex, 15 miles east of the City of London and just north of the Dartford Tunnel, has been among the less favoured communities sprinkled around the *outer edges of the capital's* suburban sprawl.

A stone's throw from Tilbury and Gravesend, it displays depressing symptoms of economic and environmental decline not normally associated with the South-east. While large parts of the region have prospered and generated widespread economic expansion in post-war years, areas along the Thames to the east of London have remained largely out in the cold.

But the arrival of the M25 orbital motorway seems to have transformed Thurrock, with its patchwork of derelict land and worked-out chalk quarries, into a desirable location in the eyes of the development industry.

Two of the country's largest development groups, Capital and Counties (in partnership with the Pearson Group) and Town and City, are locked in planning combat to win approval for retail and leisure schemes a few minutes' drive from the motorway and only half a mile apart. That anyone would fight over Thurrock might be surprising enough, but the story becomes even more remarkable when the scale and nature of the competing proposals is revealed.

Both teams want to develop well over 1m sq ft of retail and leisure space at a cost of about £100m, a figure which could *double by the time the successful centre is fitted out.* Thurrock Borough Council is under*standsbly delighted, the local* population is openly excited and traders in towns for miles around are up in arms, worried about the impact on their livelihood.

The whole surprising train of events is only likely to be sorted out at ministerial level.

The construction of the 120-mile M25 around London will not always have such an obvious and immediate impact. But its approaching completion *is certainly throwing an* important new ingredient into the south-east's commercial property pot.

The motorway, which is due for completion next year, has been described as the single most significant development to affect London and the South-east since the construction of the London underground The remaining "missing links" of road are the section north of Heathrow, the stretch from Watford to Potters Bar and the Swanley-Sevenoaks connection.

Opportunities

Large parts of the route have proved outstandingly successful in drawing private and com*mercial traffic off less suitable* roads. When the circuit is complete and the full scope of *potential time-saving is seen,* the flow of vehicles can be expected to rise still further.

Journey times from one side of the capital to the other will often be cut in half and the Greater *London Council* has estimated that London will be relieved next year of nearly 2m *vehicle miles a day.* With journey times rather than distance becoming a decisive fac*tor, locations which tradition*ally proved unattractive and awkward could prove as convenient as any other around the route.

The property markets which surround the capital have not, however, waited for completion of the route before responding. In some centres, rents and development activity have already reflected the road's arrival and growing numbers of institutional investors only seem interested in property opportunities which offer the all-important M25 connection.

Mr Dudley Leigh, of Goldstein Leigh, the agents and surveyors who produced the first report on the likely effects of the M25 on South-east property markets, says *M25* fever has caught hold.

"When we prepared our M25 report four years ago, many property people simply did not know which road we were talk*ing about,*" he said.

"Now, any estate agent with a property within 20 miles of the route will describe it as 'an M25 *location.*' *Fund managers are* behaving as though the M25 market is the only one worth getting into. *The road is having* a major impact on property markets in the region and the *trends already established will* accelerate further once the route is completed."

Diverted

The most obvious sign of the road's impact can be seen in rents in adjacent centres. In places like Sevenoaks, office rents have jumped from about £5 a sq ft in 1980 to more than £9 a sq ft. Rents in Reigate and Redhill have risen from £6 a sq ft to around £10 a sq ft. In Brentwood rents are more than £8 a sq ft against £5 a sq ft five years ago.

It may be unfair to attribute all the growth to the new motorway, but there is clear evidence that, at a time when office rents *generally have remained fairly* flat, M25 markets have moved ahead.

Some locations stand to gain more than others *from* their proximity to the road. To the west of London, the improvement of communications between Heathrow and the M1 should give an added bonus to the centres caught between the M4 corridor and central London markets. Towns like Amersham, Rickmansworth, Chesham, Beaconsfield and Berkhamsted, Uxbridge and Ruislip should benefit, although restrictive planning will limit development.

Planning is more relaxed to the east of London where more *land is available.* But although interest is being shown in some sites, helped by the lack of *green belt restrictions* (in force in most areas around the route) the less attractive environment will continue to deter many developers and investors.

Confusion over the government's position has clarified. The green belt will remain the widely supported centrepiece of planning policy in the south-east. Developments in the green belt will continue to be strongly resisted, although there will be pressure for industrial wasteland and other sites which do not contribute to the objectives of the green belt to be released for development purposes.

Most development will continue to be directed towards the eastern built-up areas and diverted from the areas of highest development pressure along *the western sector of* the route.

Overall demand for office space beyond the London area will continue to grow, because of continuing decentralisation, expansion of occupiers already outside London and the creation of new companies.

In its detailed analysis of the M25 office market, Knight Frank and Rutley pinpoint several reasons for the decentralisation trend, including quality of life, decreasing importance of location brought about by improvement in communications technology, and lower accommodation costs. In spite of recent growth in rents, prime office space costs in the most *expensive parts* of the M25 market are still less than half those in central London.

Given the potential uplift in rental and capital values, the interest of the institutions *is hardly surprising, although* KFR are not certain the funds' approach will encourage the ex*pansion of newly-emerging* office centres. They point out that institutional investors have tended *to concentrate* on smaller offices in established towns and in areas of recog*nised growth.*

The agents emphasise that the decentralised office markets is *becoming increasingly* diversified, with a wide variety of space being demanded by occu*piers. In this type of market* the standard institutional product is becoming less capable of meeting demand, encouraging alternative method of funding. The institutions are, however, beginning to respond and funds involved in direct development are best placed to provide what is required.

Beyond the office sector, much of the investment and development interest around the M25 is focused on the retail market. Few changes in the pattern of town centre shopping are envisaged but few big retailers can have overlooked the fact that a hypemarket or superstore along the route would have a potential catchment population running into millions.

Such developments, however, will usually fly in the face of green belt policy and be hotly contested by other retailers.

Radical

According to Mr David Goldstein: "Major retail schemes on *the route will emerge only after* hard-fought planning battles over carefully chosen sites. Any*one who gets* permission will have a licence to print money."

It is, however, the pattern of *warehousing and distribution* which will see the most radical changes. At present, rental values vary *widely* around the capital, with differentials between east and west running as high as 100 per cent. Given access to the M25, values for standard warehousing accommodation could begin to equalise around the length of the route. Locations like Grays-Dartford, Dagenham and Redbridge could become much more acceptable. The area to suffer most from this type *of* trend will be central London, where warehousing facilities will only make sense if they are distributing within the capital.

The continuing decentralisa*tion trend may* have *some* impact on almost all the central London property markets. That *might spell bad news for some* investment portfolios but few people would object to the pros*pect of less heavy traffic on* London's ill-equipped roads.

Shop talk proves popular

Development
WILLIAM COCHRANE

SHOP TALK is the ubiquitous feature of M25 development particularly names like Sainsbury at Guildford, Tesco at Broxbourne and Thurrock, and Asda at Watford.

"Shopping appears to be the one thing that is popular all around the M25, which is more than can be said for the office, *high-tech and industrial sectors* of the market," said Mr Stephen Lyall, of surveyors Hillier Parker, at a recent conference on development opportunities around the motorways.*

Mr Lyall said that in the non-retail sectors the eastern zone has been losing out badly.

"In industrial and warehouse property there has been a noticeable improvement in inquiries from occupiers in the east. But they seem to require *cheap deals and translating in*quiries into lettings is not easy at the best of times.

"Realistically, the M25 has simply encouraged a few deals rather than improving rents or making developments more feasible," he said.

Pressures on towns in the popular *north-west and south*-west quadrants have been magnified because they are surrounded by green belt, while developments opportunities have been *constrained* by limited land availability.

"Because there has been so little of the M25 available for use in the western half, the small to medium-sized company has yet to see how it will affect or assist his operation and therefor it has not influenced him to *any great* degree," Mr Lyall said.

It is partly for this reason that letting has been difficult on several high office-content industrial schemes in what would otherwise be considered popular locations along the M25.

This could include buildings at Hemel Hempstead and Leatherhead, although Hemel has had the added disadvantage of contra-flow systems along the M1 which cannot have helped its appeal to outsiders.

Distribution, the *raison d'etre* of the M25, has not been well served and big distribution companies have been trying to find themselves large depots of 100,000 to 275,000 sq ft.

"In the west just about every piece of land suitable for big depots—between six and 14 acres—has been sold for high-tech development or something similar," Mr Lyall said.

This type of development generates higher values than traditional industrial and therefore the distributors have had to move their area of search, *either further along the M4* or to the northern sector of the M25, where there is a greater availability of land at traditional values.

"The majority of these companies want to rent their accommodation and not tie up working capital in land and *buildings. Therefore a deal* with a developer or institution is required. But this is easier said than done because industrial investments involving large capital sums are not favoured in the investment market.

"We have not seen the progress required in this sector, which must be one of the greatest disappointments." But he added that things were getting better.

Other observers have noted that most high-tech activity is in a crescent north and south of the eastern end of the M4. But with offices, a quantum leap seems to take place at the M23 junction, where towns like Redhill, Reigate and points west are doing well.

*An overview of new develop*ment opportunities came at the same conference from Mr Nathanial Litchfield, who with Goldstein Leigh Associates, produced the seminal report—*M25 London Orbital: Property Market Effects in January 1981.*

Mr Litchfield said warehousing is the sector which will be most markedly affected by the M25.

"The major criteria for warehouse location involve cheap and easy access to: the GLC area; Heathrow Airport (and Gatwick and possibly Stansted); *major motorways; the* Port of London (Tilbury); Channel ports (and Southampton and Felixstowe/Harwich); Freightliner terminals (Kings Cross, Willesden, Stratford, Barking and Tilbury)."

Without the M25 these differing requirements have been irreconcilable, and individual firms have had to decide their own priorities. This has resulted in a relatively diffuse warehousing pattern with large numbers of small warehouses around inner London and the outer suburbs.

There is some concentration around Heathrow, near the M1 junctions and around Gatwick/Crawley.

"With the *completion of the* M25 all these warehousing requirements will be satisfied by locating anywhere along the line of the M25 with good access to the motorway, or along other motorways or first class feeder routes to the M25 but not elsewhere," Mr Lichfield said.

"The attraction of such areas will be at the expense of Inner London. Warehousing in Inner London will tend to be confined to those local industries where principal customers are within London."

The growth industries of recent years—electronics and computers—will benefit most from locations close to the M25.

In general development pres*sures of two different kinds will* arise—one for development on green belt sites, the other for further development in existing urban areas.

This will not mean great demand for a linear band of development around the M25. "The pressures will be concentrated at the junctions of the new motorway and along the main radial routes," he said.

*"The M25 now—opportunities for property development," Henry Stewart Conference Studies, 88, Baker Street, London, W1M 1DL.

Avoiding conflicts with the planners

CONFRONTATION with planners can be avoided if developers recognise constraints on sites around the M25, so they can identify land which can be brought forward by negotiation, according to Mr Alexander Morrison, of the Barton Willmore *Partnership.* These constraints are:

- Green belt
- Areas of outstanding natural beauty/great landscape value
- Crown and government-owned land
- Land in flood plain
- Sites of special scientific interest
- Areas of special archaeological interest
- National Trust and common land
- Built-up and committed areas
- High quality agricultural land
- Land *for mineral* extraction
- Public recreation areas
- Special factors such as *traffic and aircraft noise*

These constraints vary in effect on development, as some can be overcome.

William Cochrane

Set for battle royal

Planning
MIRA BAR-HILLEL

THE M25 is one of the last great development opportunities in the south of England. It also illustrates the *schizophrenia associated* with much development in Britain: everybody wants the road, but many want it somewhere else.

The curtain is rising on a battle royal between the developers offering the prospect of much-needed employment and conservationists, *fighting to protect* the green belt which the motorway runs through.

Policies vary widely within statements by the same bodies and by Mr Patrick Jenkin, the Environment Secretary.

Mr Jenkin said in a policy statement last year: "It will *be in the interests* both of London and of the wider region if the opportunities presented by the completion of the M25 can be harnessed to help redress the balance of attraction for development between the east and the west of the region."

On the other hand however, he reiterated that "the general presumption against development in the green belt is not affected by the M25, and there should continue to be the strongest restraint on development there."

His solution to the problem is for local authorities in the eastern sector to "assess the adequacy of the existing provision of land for industry and commerce in both quantitative and qualitative terms."

The Commons Environment Select Committee also looked at the problem, and also came up with more questions than answers.

"The completion of the M25 will pose a major threat to the metropolitan green belt. Its success will create demands for *land for industry and housing.* Small towns within four or five miles of the motorway corridor are already under pressure," he said.

The committee's solution was that the completion of the M25 should be used "to encourage development beyond the green *belt or within the metropolis.*"

It is ironic that the committee should settle for this unrealistic hope, especially as it described as "idealistic" the view of the M25 taken by Hertfordshire.

"Good roads should persuade developers to use land outside Hertfordshire which could easily be reached through the M25," said the county's planners.

That is a beggar thy neighbour variant, in which one county considers itself entitled to benefit from jobs created elsewhere. It prevails along most of the motorway and poses a threat which will ultimately require a national-level remedy.

For example, the structure plan strategy in east Berkshire is to restrain population, housing and employment growth, and Berkshire as a whole has reduced housing *provision by almost 8,000* against the advice of its planners.

In Buckinghamshire virtually the whole of the M25 lies within the Colne Valley Park, and it will no doubt enhance this public amenity. Elsewhere the county is committed to severe *restraint with the exception of* Milton Keynes.

Hertfordshire intends to limit the increase in the number of jobs to the available supply of labour — a policy not popular with the Department of Industry—and plans no further land allocations.

A recent conference on the impact of the M25 found some encouragement in the availability of some opportunities on the eastern front which do not *clash with green belt policies*, and in the attitude of some local authorities trying to attract development. However, where there have been conflicts leading to appeals, the preservation of the green belt proved an overriding factor.

Even Essex, with a structure *plan committed* to *economic* growth and expansion of employment, considers the green belt sacrosanct. It has, however, been giving special attention to areas with employment problems like Basildon, Thurrock, Castle Point, Rochford and Southend.

The major area *relevant to the M25 is in west Thurrock,* where there are some 600 acres of industrial and warehousing land between junctions 30 and 31. Two major applications for shopping have been submitted.

Decisions on the application will be of crucial importance to the future of the area and indicate which way the local authority is looking.

But the really critical decision will be on an application to be made in May by Consortium *Developments*—which includes Britain's top 10 private house-building companies—for a new "village" at West Horndon. This is in the green belt. The application has generated controversy even before submission. It is likely to become a test case for the green belt.

Consortium's strongest argument will be that there can be no employment without suitable housing. The group will be helped by policies adopted by almost all the Home Counties which will make it difficult for the M25 to become a commuter route, taking workers from *areas of plentiful housing to* where their jobs are.

Housing will not be plentiful anywhere, and the inevitable result will be the loss of potential jobs, Consortium will argue.

It will be a long time before there is a result on this pro*posal. It may be even longer* before the wishes of the Prime Minister—who has said that she would like to take a fundamental look at the planning system and its effects on business—become known.

Meanwhile, developments along the M25 will continue to *suffer from confusion.*

LOCAL MARKET: ROMFORD/BRENTWOOD

Target for City spin-off

THE north-eastern sector of the M25 has tended to lack the bustling image of its western counterpart, although it holds some attraction for expanding City operations *because many of their staff* live in this area.

Romford, four miles from junction 28 (A12/M25) and inside the motorway ring, has become a centre of office activity as one of the few towns where planners have encouraged development. At *the beginning of last year the* borough of Havering, which contains Romford, had more than 630,000 sq ft of outstanding consents or development proposals for the town, according to research by agents Knight Frank & Rutley, showing the expected demand for space.

Tenants like Save & Prosper and Commercial Union have already been attracted and further City spin-off *could come because the town* is on a main commuter line and many staff live in the area. A planned shopping centre should improve the town's image and rents of less than £8 a sq ft could provide a cost-saving incentive to relocators.

Two miles the other side of the M25, Brentwood could prove an even more attractive magnet to office users because of the pleasant countryside, good shopping and fast train services. But it does not figure in the Essex planners' policies for development, as shown by the total of less than 150,000 sq ft of consents and proposals recorded by the KFR report.

Some opportunities are *possible, however, as shown* by Countryside Properties' letting of the 32,000 sq ft Pegasus House to a firm of Lloyd's underwriters. Local planners are willing to extend user restrictions if jobs are filled locally.

Most sites are understandably for small-scale schemes, although there are a few in the town centre for 20,000 to 30,000 sq ft buildings. Top rents were less than £7 a sq ft last year.

David Lawson

Outward movement may accelerate

Offices

DAVID LAWSON

ACCESSIBILITY has been the prime factor influencing most office-based businesses in their choice of location. They need access to professional services, customers and most importantly, access to the right kind of staff.

Town centres have been the traditional answer to most of these demands, but a combination of high rents, electronic communications and difficulty in attracting staff who live farther from business areas is bringing central locations into question for some activities.

Existing companies have become more willing to move out of centres or new ones to set up and expand in fringe locations. Nowhere in Britain is this more evident than around London, partly because this is where pressure for growth is strongest, and partly because rents are higher and staff have moved farther from the city centre to live.

The M25 is expected to emphasise and accelerate this trend. A string of towns close to the motorway such as Watford, Brentwood, Sevenoaks and Woking should become more attractive as office centres because staff will be able to forsake the daily trek into central London, travelling instead by car from a fairly wide area via the motorway and connecting roads.

Planners and property experts are still unsure about the exact effects on the market. The motorway has been superimposed on a complex existing pattern of development or decline, and many individual factors will influence the changes felt by each centre—not least the different planning attitudes of each district and county council.

"It seems likely that (the M25) will have a substantial effect . . . but it is not clear at this stage whether it will substantially alter the location of pressures," was one conclusion of the South-east regional planners when they monitored progress a couple of years ago.

From the property industry's side, Mr Julian Shellard of surveyors and agents Richard Ellis says: "The motorway will open up vast areas never considered by developers and occupiers. But the full influence will not be felt until it is finished."

A likely impact will be an exaggeration of the importance of towns close to motorway intersections like Redhill and Reigate on the M23, and Watford and St Albans on the M1. Their existing facilities like shopping and professional services should make them attractive to occupiers and potential staff, while their track record as property markets should attract institutional investors.

Relocation will often play a secondary role in established centres. Many have buoyant local economies which should be further enhanced by improved motorway links, stimulating demand for office space from existing companies, according to a comprehensive study of the M25's implications by a research team at agents and surveyors Knight Frank and Rutley led by Mr Fer Dijkstra.

Towns between the radial roads feeding into London should receive a boost. Waltham Cross on the northern fringe, for instance, will be linked with the A1(M) and the M11. Centres outside the M25 ring like Guildford and Hemel Hempstead may benefit both from their accessibility to the motorway and spill-over from areas closer in but restricted by planning policies.

Inside the ring, Enfield, Harrow, Bromley and Romford could pick up overspill in the same way, although the London boroughs also face a threat of being leached of activity in some places as companies move outwards to better surroundings and buildings.

Some of these centres will appeal to investors because rent growth from a low historic base is likely to be more significant as demand rises, according to Mr Mike Dow of Jones Lang Wootton. Developers will be attracted by higher rent levels, which may justify building after years of stagnation.

Timing of development will be crucial, however. Rents depend as much on supply as demand and the KFR report points out that the southern section of the M25 is particularly well endowed, with completions twice the level in the northern sector. In the inner ring, covering centres like Croydon and Bromley, supply was three times the annual demand in 1983-84.

But take-up is also higher in the southern sector, and constraints are likely to bite in the outer ring covering parts of Surrey and Kent once existing schemes and proposals are absorbed.

Severe planning constraints are likely to be more important in these areas, particularly in the western sector which planners and agents agree will face the greatest demand for development. It is already the hottest market because of its access to Heathrow, national motorways and high-quality labour and housing. The M25 will add further to these advantages, with access to Gatwick and the M1 of particular importance.

Rents have soared in the M3 and M4 corridors through this area, often pushing companies further away from London to find cheaper accommodation. Mr Dow forecasts that the extra advantages could reduce this outflow, offsetting the higher costs of towns like Reading and Slough, where asking rents have reached £15 a sq ft.

Pressure is not restricted to town centres. The western sector is the stamping ground for electronics and computer companies which often tend to combine their office space with other uses on campus sites in open countryside. Regional planners admit that the green belt is fragmented or damaged in this zone and could come under pressure. They even suggest "green developments" combining science parks and leisure uses as a method of guiding schemes away from sensitive areas.

Developers hunting ways to escape restrictions seem unlikely to follow the M25 east because of its poor image.

Relocators have tended to move head offices westward—such as Esso out of central London to Leatherhead, Blue Circle to Aldermaston, BP to Hemel Hempstead and Wellcome to Cobham. These have often chosen campus sites, epitomising the high-quality environment close to good housing that staff demand—but within easy reach of the M25 and central London.

These moves bring opportunities to the attention of developers, and their activity is rising. Sites such as old industrial estates and former hospitals being sold by the NHS are attracting bids of more than £1m an acre.

SANDWICHED between the competing regional shopping centre sites by the M25's junction 31 is the RTZ's Tunnel Estate, marked by a new clock tower where the Seven Sisters cement factory chimneys used to be.

Mr Don Sharman, managing director of RTZ Estates, surveying the stark acres of west Thurrock from the top of the tower, said: "People always thought this was a bit of a backwater, but it is only 15 miles east of London Bridge and set among homes, farms and woodland."

He believes the area has prospects, but the market still needs convincing. RTZ launched a 60-acre phase last May and although it has signed up the Automobile Association for three acres the rest has been slow to move.

"We haven't had too much demand in the industrial category. The thrust is for retail warehousing and distribution. Other developers have been trying to get their consents changed accordingly," Mr Sharman said.

RTZ has general industry and transport use with names like Pilkington, Tarmac and Cory on the first 39-acre phase. The whole land holding runs to between 500 and 600 acres.

The contest to build a regional shopping centre next door has thrown everything into a strategic context, so that RTZ's modest plans for 150,000 sq ft of retail warehousing may be delayed. But in the medium term Mr Sharman is confident.

"Essex is the only county where development has support from local politics," he says. "Surrey want to rush people through and Kent is very selective."

The Government also wants to push development east.

William Cochrane

Shoppers freed from town centres

Retailing

WILLIAM COCHRANE

PLANS FOR retail development are mushrooming around the M25. Two of the biggest emerged in March for the same area.

Architects Leslie Jones, on behalf of Town and City Properties, made their presentation to Thurrock Borough Council for a shopping and leisure complex close to the northern approaches of the Dartford Tunnel. At the same time Capital and Counties, in partnership with The Pearson Group, owners of the Financial Times, asked permission for a similar competing scheme.

Healey and Baker, acting for Town and City, reckon that the motorway could support another five major shopping developments without affecting existing centres.

In the booming north-west quadrant of the orbital motorway there is a ferment of activity. Mr Bob MacKenzie, development partner at Edward Erdman, lists retail park proposals at Hatfield and Stevenage, two town centre projects at Stevenage, two at St Albans, an Asda development at Watford, one in Welwyn Garden City and another at Edgware.

But Mr Geoffrey Smith, a partner of planning, development and economic consultants Nathaniel Litchfield, played down the drama when he spoke at a Henry Stewart conference on the M25.

"For many forms of retailing the most significant implication of the M25 will be the general stimulus it will bring to the economies in areas in its general vicinity. The attraction of more jobs and a competitive labour market will enhance the spending power available to retailing located in the free-standing towns outside of the motorway and the outer suburbs of London within," he said.

That does not mean that town centres are going to have it easy. As the example of Hertfordshire indicates, one effect of the M25 will be to increase the competition between existing centres.

"Town centres are no longer going to find themselves with a basically captive population," said Mr Smith. "Places like Harrow, St Albans and Watford have been able to rely on serving a certain, fairly captive area. The effect of the M25 will make it much easier for local shoppers to choose between major shopping centres for their durable shopping trips."

Shoppers will obviously be looking for better car parking, better shopping and a better environment.

Institutional investors, too, will be looking for shopping investments which fulfil the same criteria, according to Mr Paul Orchard-Lisle, of Healey and Baker.

In Manchester, where the motorway box is basically complete, centres like Stockport and Bolton are expanding rapidly against the wishes of the regional planners and at the expense of the inner city and some minor urban centres, but to the general benefit of the shopper, Mr Smith said.

The M25 will not be that significant for retail warehouses, he said. These will increase around suburban London and the Home Counties, but the need will be more related to individual towns than to the more regional M25 locations.

Retail parks—groups of retail warehouses with shared parking—or combined central warehousing and retailing operations may move into the London area. "If such developments are proposed . . . then clearly they would move towards the M25 due to the wider access offered," Mr Smith said.

He sees a generally accepted need for 12 to 15 free-standing superstores / hypermarkets around the M25, and another six to 10 on the North Circular road.

Standard retail planning issues are not going to be an issue around the M25, Mr Smith said. "Retail impact cannot be shown to be significant, unless the new investment might pre-empt a more beneficial scheme elsewhere."

"Nevertheless, with the general presumption in favour of town centres and their social and community advantages, new schemes will still have to show why they are needed and thus justify the dilution of investment."

The Thurrock proposals should prove a focal point for some of these arguments. They will have to attract people from a long way off as that area of the M25 is less populated than the north-west sector.

Town and City's proposals incorporate approximately 1.3m sq ft of shopping, leisure and recreation plus 7,500 car spaces on a 50-acre site. Water has been planned as an important element of the design and has even been brought into the central atrium where a full size paddle steamer could be used as a floating restaurant.

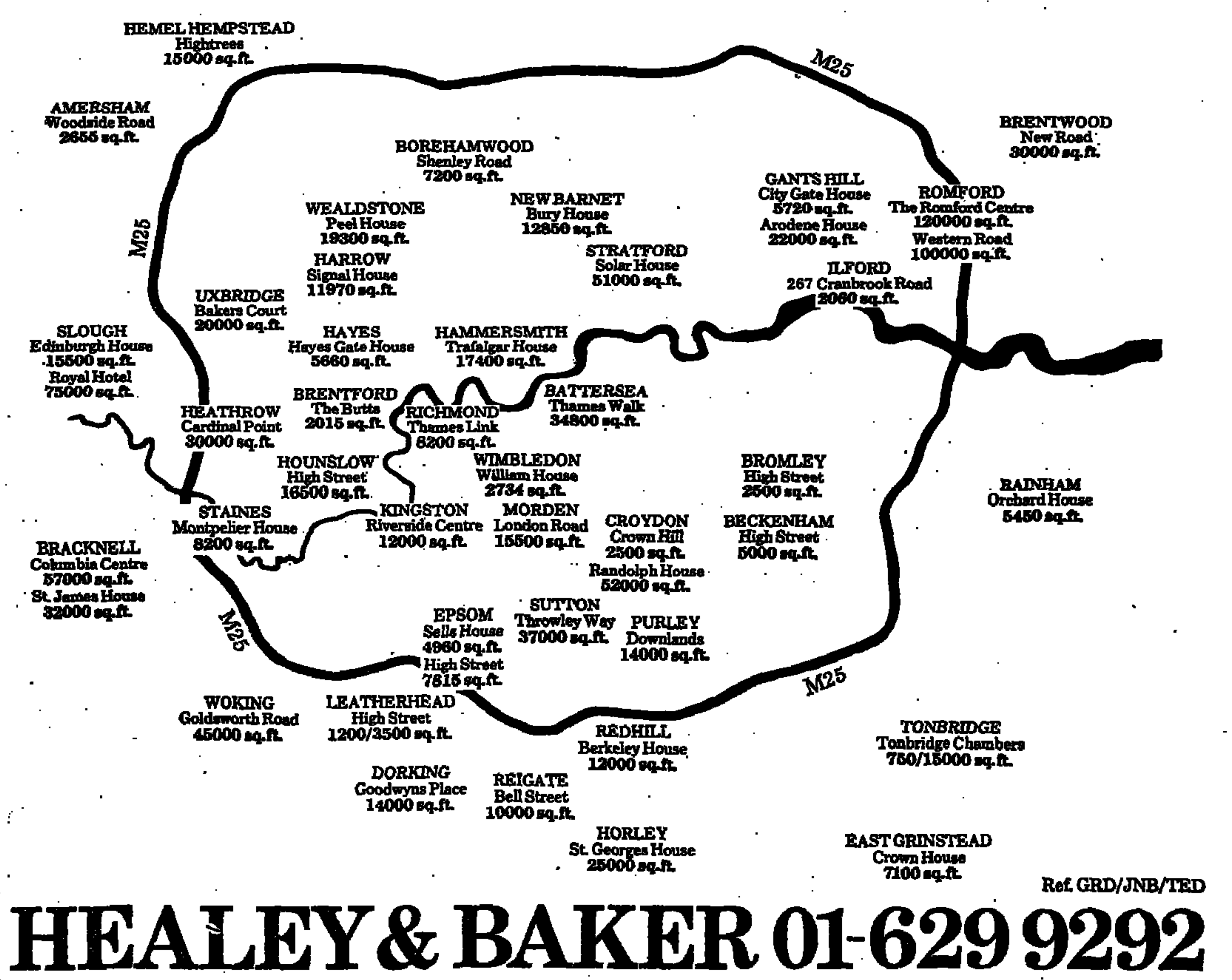
A cinema complex is also proposed as part of the leisure element along with a children's village.

The Capital and Counties/Pearson plans are even more ambitious—perhaps because they have the space to work with on a 125-acre site. Architects are Chapman Taylor Partners, who guided C and C to a design award last year for the Wakefield centre from the International Council of Shopping Centres European conference.

The scheme involves 1.15m sq ft of retailing. Leisure would be served by a 148,300 sq ft centre including a playport, a discovery centre, a theme water park, ice rink, pub and restaurants.

Some 8,000 car spaces are proposed.

Mr Ray Pledger, of Pearson Lakeside, also has plans for a 250,000 sq ft retail park on the other side of the 20-acre lake which forms the focus for the centre's leisure activities.



Chance addition to a readjusting market

Industry

DAVID LAWSON

THE IMPACT of the M25 on industry is likely to be neither simple nor consistent. The sector contains a wide spectrum of businesses varying from large-scale distributors to the swarm of small electronics companies which are catching most of the attention of investors but constitute only a small proportion of the total property market. The importance attached to improved transporation varies just as widely.

Analysis is not eased by the fact that industry, and the property it requires, was beginning to show a fundamental change at the same time as the first stretches of the orbital road were being completed. The M25 has, by chance, added another facet to the new markets being created by the decline of traditional production and the growth of knowledge-based industry.

Warehousing and distribution is likely to feel the greatest effect of the new orbital motorway, according to Nathaniel Lichfield & Partners, who can claim some authority on the subject as co-authors of the first comprehensive study of the impact of the M25 on the property sector.

Operators would ideally wish to be close to main markets (Greater London), the main airports, ports and nationtl motorways and the Freightliner terminals of the South-east. These could not all be met before the advent of the M25, so there tended to be a diffusion of warehouses around London.

Completion of the road—with its faster travel, would bring the essentials together anywhere along the M25 and leach Inner London of its demand, Mr Lishfield says.

Such simplicity does not survive a further breakdown of this sector in an effort to pin down *the likely focus of most demand.* Regional distribution centres will need immediate access to motorways rather than proximity to suppliers and markets, says Mr Jerry Michell of surveyors Drivers Jonas. They would also require big sites to cope with large quantities of gods. Local distributors, however, would need to be closer to main outlets.

An example of a regional centre was that developed at Brooklands industrial park, Weybridge, Surrey, by Tesco because it would enable servicing of stores from Oxford in the west to the Dartford Tunnel on the east section of the M25, according to Mr Richard Taylor of Fuller Peiser, who let the 200,000 square feet of space.

Other examples include Marks & Spencer's 250,000 square feet at Slough and a similar letting to Bosch at Denham.

This concentration on west London has much to do with the availability of property. There is a consensus that lower rents around the eastern quadrants of the motorway could attract cost-conscious distributors as property and sites become available, particularly with local planners encouraging development.

Manufacturing industry will also be attracted by any reduction in unit costs brought by quicker travel—and guided by the fact that rents are 50 per cent cheaper in the eastern sector. But winning good supplies of qualified labour can sometimes outweigh site and travel savings.

Traditional manufacturing is dying in London and those survivors who move to the M25 are likely to locate within the same sector to retain their labour force, rather than cross London.

Tanqueray Gordon selected Basildon for a £50m project to build a 500,000 sq ft gin bottling *plant chiefly* because of the availability of land and the good environment, said Mr Taylor of Fuller Peiser.

This sort of interest in the *eastern sector of the motorway* will please the Government, which is aiming to mould policy to encourage movement away from the over-heated west and *eastwards along the new* motorway. Mr Michell, of Drivers Jonas cautions against industrialists making the switch if markets are mainly in the west, however, as the potential traffic bottleneck of the Dartford Tunnel could wipe out cost advantages.

Within a few years it seems likely that the M25 will stimulate a previously sluggish industrial market, particularly on sites like Blue Circle's proposed Crossways 25 business park at the south entrance to the Dartford Tunnel, where the intention is to provide an international freight ferry and high environmental standards.

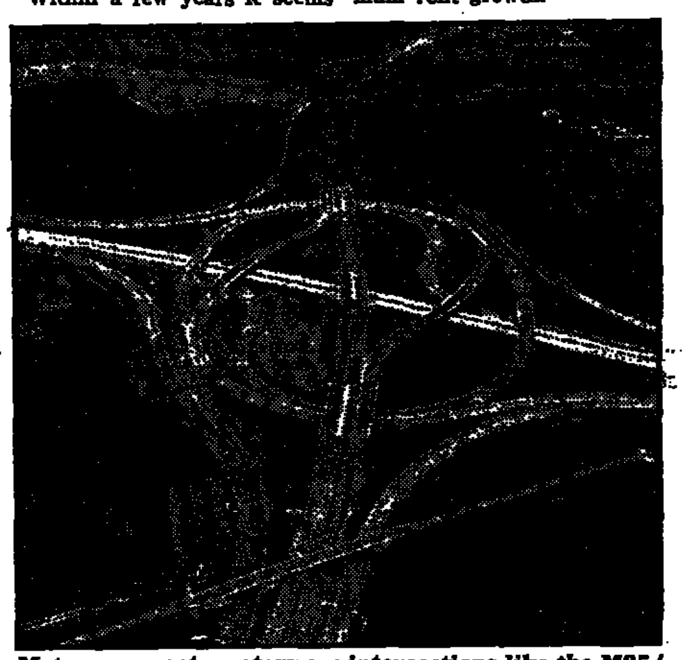
A good environment is the most important factor in the development *of high-technology* industry, although the eastern sector still falls some way short of the image which keeps the area west of London so popular. This is the sector most *usually* linked with the M25; Nathaniel Lichfield said it would be the group to benefit most from the motorway because it would enhance *essential links of* electronics and computer companies with airports, suppliers and markets.

Yet this link seems to have been *over-stated* by some observers through the lumping of one new market phenemena with another. It is understand-

Mr Taylor also goes as far as *to say that among* the many factors attracting such development: "Proximity to the M25 is less important than access to the national motorway network *generally.*"

His objection could—and is likely —to be met through concentration of attention around the national motorway *intersections with the M25 in* the more attractive western sector. But as with all the industrial sectors, supply of the right sort. of property will be the most *important factor*

It is ironic that this growth sector is likely to cluster around the motorway not necessarily because it is a vital location but because the institutions—who monopolise provision of property—see this as the best place to build for maximum rent growth.



Motorway meets motorway: intersections like the M25/M11 will become magnets for development

Intensity added to investment

Funding

JEFFREY BROWN

THE ADVENT of the M25 seems to be putting a touch more thrust into the revival of institutional interest in direct property investment. For some years, the pension funds and life companies have been wary of property, running down portfolios in favour of more attractive investment returns. But the tide is beginning to turn.

The long-term investment *focus on* property in the South-east has been given greater intensity by the M25. It may *be too early for established* trends, but agents report good levels of inquiry to back up important developments where institutional cash has been committed.

The institutions are getting to the end of the portfolio weeding which has characterised much of their recent property dealing.

Last year, estimated institutional investment in property increased slightly to £1.42bn, after slipping from a 1981 high of £2.2bn. But the share of funds in the sector fell to 8 per cent from 9 per cent a year earlier, reflecting a faster growth of overall investment.

Even in the south-east, however, property funding market remains a nervous and uncertain place. The operating climate is subject to big changes, both in occupier demands and in the levels of risk capital investors are prepared to put forward. The institutional role, once dominant, is diminished and alternative sources of finance are making a steadily increasing impact.

Agents Richard Ellis highlight the changing nature of the funding market in their 1985 review. There is growing demand for the very best property in selected areas and industries. The South-east is where the main action is, and there is a marked concentration on the M25 zone. The service and hi-tech businesses head the accommodation take-up charts.

But the agents stress that the revival in institutional investment is at best cautious. Prime sites, especially those with easy access to the M25, are being funded readily enough, but in *the main capital outlays are* modest against a background of slow rental growth. It is not easy to persuade an institution to commit more than £5m to a single development.

The owner-occupier is making something of a return. This is especially so in the development of the sort of industrial and warehouse *property that has* shot up in areas where the M25 crosses the main west-serving motorways, the M4 and M3.

Some recent deals close to the *M25 have been financed on* attractive lending terms. Hewlett-Packard, the U.S. hi-tech group, is moving into new Uxbridge premises on very *solid looking yields.* The 130,000 sq ft of offices, a Crudens development in conjunction with Eagle Star, is the sort of high specification unit favoured by the institutions.

LOCAL MARKET: GUILDFORD/WOKING

An extra pressure on the barricade

WESTERN Surrey was in great demand long before the M25 was proposed, and planners have had their hands full trying to steer away office and industrial schemes. The orbital motorway is expected to add to this pressure, bringing added advantages of fast links with Gatwick and other parts of the South-east to existing benefits of high-quality housing, pleasant countryside and quick train services to London.

Guildford, the largest town in the area, is only eight miles from the motorway along the *fast A3,* and planners have already thrown up barricades to developers and occupiers aiming to travel in the other direction. Tight zoning and local user *restrictions aim to limit office* activity and there was only 80,000 sq ft of development under way last year and a mere 11,000 sq ft of consents.

Opportunities will come, however, from the 285,000 sq ft proposed on various central sites like the rail station and Rodboro Buildings, but the district council aims to limit office schemes strictly to a supporting role for leisure and other facilities.

Since the completion of the Sterling Winthrop headquarters and the Friary Shopping Centre by MEPC, industrial schemes have tended to take the limelight. The university has launched its 68-acre science park with plans for a 100,000 sq ft headquarters for BOC and a biotechnology centre for Grand Metropolitan. The location next to the A3 and its link to the M25 has proved an important marketing factor and will continue to do so on the *remaining speculative units* planned for research businesses.

Arundel House Securities is also capitalising on the location after paying premium prices for a site next to the science park to develop 180,000 sq ft. Existing industrial use should mean no planning problems and the scheme should also benefit from the overspill caused by a restriction to research activities in the university development.

Battle

Mr Andrew Sturt of Arundel—who has a close interest in the M25 as his previous career involved designing parts of the motorway—says the impending completion has brought agents swarming into this part of Surrey looking for property. He says there will be a narrowing of the gap in office rents between towns like Guildford, where prime rates are around £12 a sq ft, and the Berkshire centres' level of about £15.

Industrial rents have already broken £7 a sq ft in Woking, where Mr Sturt has another strong interest through a long-*running battle with the county* planners for permission to develop 250,000 sq ft of high-tech space at Brookwood, only five miles from the M25. A public inquiry is about to reopen after the developer won a high court case.

At these sort of rent levels it is worth such a battle, parti*cularly as there are few such* sites in the area. That did not appear the case when the Beckwith brothers had to give rent guarantees to get funding for the Woking Business Park a few years ago. But their company, London & Edinburgh Trust, has been vindicated with the roaring success of the first phase *of the 11-acre scheme.*

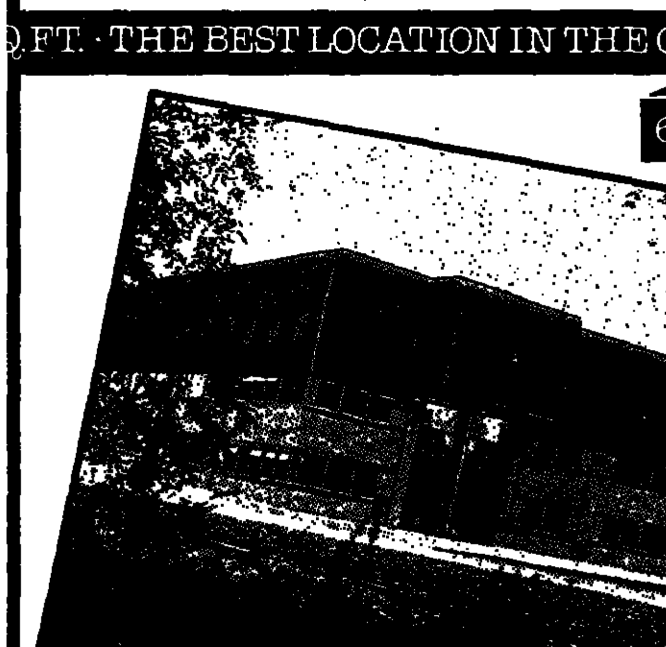
The second phase appears even more of a triumph. The strangely-named Orangebowl has set the rent record with more than half the 95,000 sq ft let at more than £7 a sq ft.

The centre of Woking has *sprouted offices over the last 10* years as planners provided the only loophole in the region for such development, so the M25 cannot be held here as a major influence. But the timing of schemes like Oldham Estates' 200,000 sq ft Dukes Court, surely aimed at relocators must have been influenced by the added incentive the motorway will give to potential tenants.

Future development, however, will be severely limited to smaller schemes, and these will be linked into leisure and retail improvements if the planners get their way. Rents may also have to stutter through a period of temporary over-supply

In the long run, however, the attractions of Woking's housing, good shopping and good access to the M25 will push values higher.

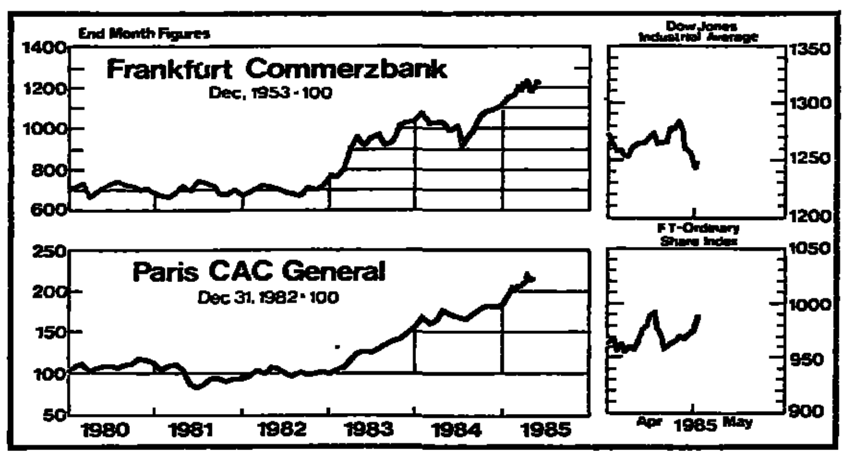
David Lawson



SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Friday May 3 1985

U.S. searches for a farm Bill compromise, Page 36

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 2	Previous	Year ago
DJ Industrials	1,242.27	1,242.05	1,186.56
DJ Transport	577.95	571.08	517.08
DJ Utilities	153.52	153.01	126.49
S&P Composite	179.01	178.37	161.9
LONDON			
FT Ord	989.9	978.4	922.8
FT-SE 100	1,309.1	1,301.5	1,140.1
FT-A All-share	629.73	626.6	536.71
FT-A 500	691.17	688.25	587.34
FT Gold mines	485.4	487.1	671.4
FT-A Long gilt	10.61	10.60	10.32
TOKYO			
Nikkei-Dow	12,451.79	12,456.65	11,105.5
Tokyo SE	972.54	968.72	868.73
AUSTRALIA			
All Ord.	863.3	873.9	761.1
Metals & Mins.	542.7	559.1	537.1
AUSTRIA			
Credit Aktien	83.59	81.28	54.96
BELGIUM			
Belgian SE	210.01	2,219.54	156.11
CANADA			
Toronto			
Metals & Minls	1,974.94	1,990.6	2,128.0
Composite	2,616.52	2,626.3	2,359.2
Montreal			
Portfolio	128.98	129.32	115.17
DENMARK			
Copenhagen SE	187.59	187.89	200.88
FRANCE			
CAC Gen	214.6	215.4	178.2
Ind. Tendance	117.2	117.4	194.3
WEST GERMANY			
FAZ-Aktien	416.49	420.96	358.96
Commerzbank	1,213.1	1,226.1	1,047.1
HONG KONG			
Hang Seng	1,516.21	1,516.73	1,032.64
ITALY			
Banca Comm.	279.64	281.51	215.66
NETHERLANDS			
ANP-CBS Gen	210.3	211.0	160.9
ANP-CBS Ind	170.1	171.2	128.4
NORWAY			
Oslo SE	323.34	325.69	291.37
SINGAPORE			
Straits Times	795.53	791.81	994.68
SOUTH AFRICA			
JSE Golds	–	1,037.8	966.2
JSE Industrials	–	894.8	981.1
SPAIN			
Madrid SE	closed	109.02	83.52
SWEDEN			
J & P	1,439.84	1,441.06	1,530.85
SWITZERLAND			
Swiss Bank Ind	424.5	424.2	383.5
WORLD	May 1	Prev	Year ago
Capital Int'l	200.4	202.2	189.6

GOLD (per ounce)

	May 2	Prev
London	$314.25	$311.75
Zürich	$313.15	$321.50
Paris (fixing)	$314.00	$325.07
Luxembourg	$315.10	$324.65
New York (June)	$316.30	$316.30

* Latest available figure

COMMODITIES

(London)	May 2	Prev
Silver (spot fixing)	505.15p	498.80p
Copper (cash)	£1,275.00	£1,204.00
Coffee (May)	£2,133.50	£2,095.50
Oil (spot Arabian light)	$27.275	$27.275

CURRENCIES

(London)	U.S. DOLLAR May 2	U.S. DOLLAR Previous	STERLING May 2	STERLING Previous
$	–	–	1.2215	1.2235
DM	3.173	3.1475	3.875	3.85
Yen	252.85	252.75	308.5	309.0
FFr	9.6525	9.58	11.75	11.71
SwFr	2.66	2.6375	3.2375	3.23
Guilder	3.585	3.557	4.3725	4.35
Lira	2,025.0	2,005.5	2,465.25	2,450.0
BFr	63.7	63.3	77.6	77.4
CS	1.3725	1.3685	1.6755	1.6735

INTEREST RATES

Euro-currencies (3-month offered rate)	May 2	Prev
£	12¾	12¾
SwFr	5 5/16	5 5/16
DM	5⅞	5⅞
FFr	10⅝	10⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¾	8¾
6-month U.S.$	9	9⅛
U.S. Fed Funds	8 13/16	9
U.S. 3-month CDs	8.25	8.25
U.S. 3-month T-bills	7.73	7.74

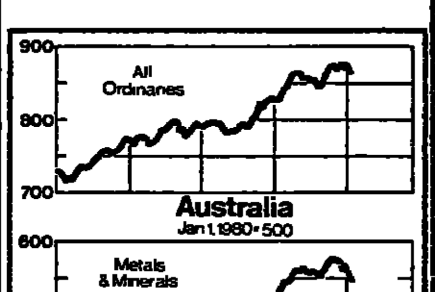
U.S BONDS

Treasury		May 2* Price	May 2* Yield	Prev Price	Prev Yield
9¾	1987	99 27/32	9.81	99 28/32	9.78
11¾	1992	102 22/32	11.16	102 16/32	11.19
11¼	1995	99 25/32	11.28	99 20/32	11.31
11¼	2015	98 27/32	11.37	98 16/32	11.40

Corporate	May 2* Price	May 2* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	96⅞	11.20	96⅞	11.20
3⅞ July 1990	77½	9.50	77½	9.50
8¾ May 2000	77⅞	11.95	77⅞	11.95
Xerox				
10⅞ March 1993	93.589	11.90	93.589	11.90
Diamond Shamrock				
10¾ May 1993	92⅝	12.10	92⅝	12.10
Federated Dept Stores				
10⅞ May 2013	88.253	12.10	88.253	12.10
Abbot Lab				
11.80 Feb 2013	97.186	12.15	97.186	12.15
Alcoa				
12¼ Dec 2012	97.295	12.60	97.295	12.60

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	71–16	71–16	70–31	71–06
U.S. Treasury Bills (IMM) $1m points of 100%				
June	92.11	92.13	92.04	92.07
Certificates of Deposit (IMM) $1m points of 100%				
June	91.54	91.55	91.45	91.54
LONDON				
Three-month Eurodollar $1m points of 100%				
June	91.14	91.20	91.11	91.14
20-year Notional Gilt £50,000 32nds of 100%				
June	106–09	106–13	106–02	106–09



WALL STREET

Cautious approach adopted

AN APPREHENSIVE MOOD overhung Wall Street yesterday, following the sudden whiplash of selling of major stocks in the final hour of the previous session, *writes Terry Byland in New York.*

However, there was no repetition of the selling pressure, and across the broad range of the market stocks shuffled their way through the session.

In the credit market, rates remained firm with federal funds still at the high end of the recent range despite the Fed's notice of intent to offer further repurchase arrangements.

The Dow Jones industrial average ended 0.22 point higher on the day at 1,242.27. Turnover of 107.4m shares indicated a fairly active session.

The financial markets today face the final instalment of the week's significant economic data when the latest U.S. employment figures are due. If manufacturers' payrolls show further weakness, bond prices are likely to move upwards again despite next week's massive Treasury refunding programme.

The stock market, however, has begun to react nervously to the signs that the U.S. economy is slowing down. Corporate results for the first quarter have been poor and may be followed by a similar trend in the second quarter. Analysts have been reducing forecasts for many major corporations and market sectors.

Twice this week, IBM, General Motors and Ford have fallen victims to the sudden activation of selling programmes by investment institutions.

Aerospace stocks fell heavily as the senate debated a budget amendment which would freeze defence spending in fiscal 1986.

General Dynamics, announcing higher quarterly profits, lost $1⅛ to $67⅞ as Wall Street awaited news from the annual meeting. Boeing slumped by $1⅛ to $57⅛, and McDonnell Douglas at $71⅜ lost $2⅛.

Stock in E. F. Hutton was delayed after the broking firm said it was pleading guilty to mail and wire fraud charges. Later the stock traded at $29⅛, a fall of $3⅛.

Tobaccos, hit badly this week by bearish comments ahead of critical court hearings on cancer death claims, steadied after some analysts put the case for buying the stocks. Tobacco company earnings continue to rise, and some analysts doubt that the industry will be blamed by the courts for cancer and similar deaths.

Philip Morris steadied, adding $¼ to $84¼, but R. J. Reynolds at $74½ shed $½. On the American Stock Exchange, BAT Industries, the UK tobacco group, gained $1/16 to $3⅞.

IBM remained dull, $¼ down at $125⅞, although General Motors at $67 had recouped $⅜ of Wednesday's fall.

In oils, it was another heavy day for Atlantic Richfield (Arco) as the $4bn stock buyback plan gathered pace. At $62⅞, Arco added $⅞. Mobil gained a further $1½ to $31⅞ but other oil stocks looked dull.

Among bids, Houston Natural Gas was suspended at the overnight price of $58⅝ after confirmation that InterNorth, themselves also suspended unchanged at $51½, was bidding.

There was a new flurry of speculation around Sperry Corporation, up by $⅞ to $50. Control Data, negotiating the sale of its commercial credit subsidiary to Security Pacific, gained $2 to $31⅞.

A sharp rebound in both airline and railroad stocks pushed the Dow transportation average ahead. United Airlines jumped by $1⅛ to $42¼, American Airlines by $⅜ to $39⅞ and Pan American held unchanged at $5. In rails, Burlington Northern, recently tipped as a bid target for InterNorth, remained strong, rising a further $2⅞ to $53⅜ despite InterNorth's offer for Houston Natural Gas. Railroad issues have fallen smartly on the indications of a slowing economy and now attract bargain hunters.

The Federal Reserve's previously disclosed repurchase arrangements failed to lower federal funds significantly. At 8⅝ per cent, the rate remained at the high end of the range, although the Fed's action seemed to confirm that it wants the rate lower.

Short-term and money market rates held firm. The bond market, also awaiting the latest money supply data slipped lower in thin trade.

LONDON

Output data still provide buoyancy

EQUITIES advanced across the board in London as investors brushed aside difficulties in the U.S. and continued to be buoyed by a favourable CBI survey on output and orders.

Takeover speculation again generated considerable activity, while sterling's easier trend prompted support for international stocks.

The FT Ordinary share index rose 11.5 to 989.9, benefiting from renewed strength in Courtaulds, 6p higher at 139p, and Trusthouse Forte, up 5p at 145p.

Gilts fluctuated narrowly to end with small changes in either direction, and only index-linked stocks managed gains of up to ¼.

Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37.

AUSTRALIA

THE EASIER TONE continued in Sydney, reflecting the overnight performance on Wall Street. The All Ordinaries index slid 10.7 to 863.4, its lowest level since April 23.

BHP suffered from profit-taking after strong gains for two consecutive sessions. It ended 12 cents lower at A$6.24 ex-all.

MIM, contradicting an earlier report of heavy losses for the nine months to March 31, fell 20 cents to A$3.20. Other miners also fell, with CRA off 24 cents at A$6.36 and Western Mining 18 cents lower at A$4.00.

Some industrial, property and media shares moved higher against the trend, while banks were lower.

SOUTH AFRICA

AFTER a firmer opening, prices ended mixed to higher in Johannesburg as the price of bullion lost the ground it had gained earlier.

Buffels slipped R4.50 to R81.50 and Dreifontein lost 25 cents to R51, while diamond share De Beers added 10 cents to R10.35.

Anglo American advanced 15 cents to R26; the company has estimated lost output of 1 tonne to April 27 at its Vaal Reef mine.

Mining financials and other mining issues finished mostly unchanged where traded, and industrials closed quietly mixed.

SINGAPORE

QUIET and listless trading left Singapore marginally higher as investors awaited some fresh stimulation to the market. The Straits Times industrial index rose 3.72 to 795.53 on volume lower than the previous session.

Pan Electric, the day's most active issue, added 12 cents to S$2.63, and Consolidated Plantations, continuing to find favour, was 8 cents ahead at S$3.18.

Among industrials, Straits Trading rose 4 cents to S$4.52, Gentings added 5 cents to S$5.80 and Keppel advanced 5 cents to S$1.59.

CANADA

GOLDS posted modest gains in an otherwise lower Toronto.

Dome Mines put on C$⅛ to C$12¼, Little Long Lac C$1 to C$41 and Lac Minerals C$⅛ to C$33½.

Oil stocks suffered, however, with Ranger down 5 cents at C$4.90 and Dome Canada C$⅛ lower at C$7⅞.

Industrials, utilities and banks were all marginally lower in Montreal.

EUROPE

Unnerved by U.S. influences

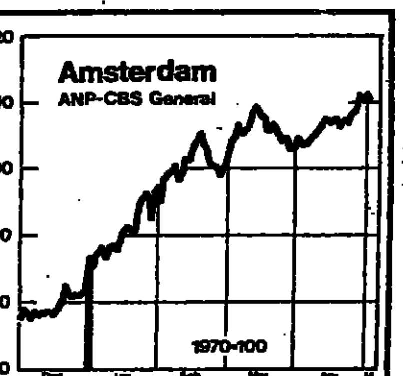
THE SHARP overnight decline on Wall Street served to unnerve investors in some European centres yesterday as the fragmented trading week resumed after Wednesday's May Day holiday.

Frankfurt was also a victim of the unexpected rise in the dollar, along with conflicting interest rate signals from the U.S. The Commerzbank index suffered a 13 point decline to 1,213.1 in thin trading, and the bank's latest weekly report suggested that shares seemed set for further declines in the days to come.

Volkswagen was unchanged at DM 206.50 despite its return to profit in 1984 and the sharp rise in first-quarter net earnings. Daimler slipped DM 3.50 to DM 671.50 as it said it would propose an unchanged DM 10.50 dividend for 1984.

Among the other motor manufacturers, BMW shed DM 6 to DM 353.50, but Porsche went against the lower trend, adding DM 4 to DM 1,190.

In the chemicals sector, Hoechst fell DM 3.30 to DM 209.40 despite the rise in first-quarter earnings and expectations that it would match 1984 profits this year. Bayer fell DM 2.50 to DM 211, and BASF was DM 3.80 lower at DM 199. Pharmaceutical Schering was DM 6 lower at DM 439.



The major banks were uniformly lower, with Deutsche Bank down DM 6 to DM 484, Dresdner DM 3.50 to DM 208.50 and Commerzbank DM 1.20 to DM 168.

In the engineering sector, KHD dropped DM 2.80 to DM 247, despite plans to raise its 1984 dividend to DM 9 from DM 8. GHH fell DM 5 to DM 148, and Linde eased 50 pfg to DM 425.

Bonds were little changed in very quiet trading. The Bundesbank sold DM 23.7m of paper into the market after sales totalling DM 27.1m on Tuesday.

Amsterdam eased with little buying demand seen although sell orders were well absorbed. The ANP-CBS general index was down 0.7 at 210.3.

Among the major companies, Hoogovens recovered an early loss to end Fl 1.70 higher at Fl 63.40 on optimism ahead of its annual report which was scheduled to be published after bourse trading.

In the banking sector, ABN shed Fl 10 to Fl 425, ex its Fl 15 final dividend, in the wake of its higher first-quarter gross profits. NMB was Fl 1.70 lower at Fl 170.

Insurers were weak, with Aegon down Fl 2 at Fl 184.50 although Amev held unchanged at Fl 240. Retailer Ahold shed Fl 6.20 to Fl 221.50, ex its Fl 5 guilder, plus 45 U.S. cents final dividend.

Among local stocks, Fokker rose Fl 5.60 to Fl 125.50 amid market speculation that new orders would soon be announced for its passenger aircraft.

Bond prices were little changed in light trading which saw a virtual absence of institutional activity.

Meanwhile, the stock exchange has asked the Finance Ministry to abolish the 0.12 per cent tax levied on all share transactions by the beginning of next year.

Brussels continued lower although the decline in prices reflected a lack of buying rather than widespread sales.

Petrofina was BFr 10 lower at BFr 6,790 as it published its annual report.

A mixed to lower performance was seen in **Paris** with the market led down by second-line issues.

Zurich proved resilient in fairly active volume dominated by ex-rights trading in selected issues.

Zurich Insurance shed SwFr 300 to SwFr 24,800 as it forecast its premium income for both the parent company and the group would rise by 10 per cent in 1985. Bonds were easier in thin trading.

Stockholm was marginally lower in quiet trading with the onset of the public sector strike having already been discounted.

Milan was lower, and **Madrid** was closed for a public holiday.

TOKYO

Exchange rates prove daunting

A DISCOURAGING market climate daunted investors, sending share prices slightly lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average lost 46 points from the previous day at one stage but closed a net 4.86 lower at 12,451.79. Volume decreased to 353.71m shares from the previous day's 407.56m shares. Advances outpaced declines by 407 to 358, with 160 issues unchanged.

Institutional and individual investors were particularly discouraged by the overnight decline on Wall Street. They were also concerned over the uncertain outlook for the yen-dollar exchange rate and prospects that some corporations had closed their books in March with lower-than-expected profit growth.

Trading was very inactive, with speculators seeking some biotechnology-related and incentive-backed issues for short-term capital gains.

Shionogi, the most active stock with 12.88m shares changing hands, added Y34 to Y769 on rumours of development of an anti-cancer agent using biotechnology.

Mochida Pharmaceutical scored a daily limit gain of Y500 to Y10,990. Kagome gained Y90 to Y1,230, Daiichi Seiyaku Y50 to Y1,900 and Kyowa Hakko Y28 to Y982. But Yamanouchi Pharmaceutical shed Y60 to Y3,020 and Dainippon Pharmaceutical Y70 to Y4,420.

Miyaji Iron Works, the second busiest issue with 9.96m shares, gained Y72 at one point but closed only Y17 higher at Y425.

All Nippon Airways (ANA) advanced Y18 to Y483, Shinsho Corp Y15 to Y335 and Shokusan Jutaku Sogo Y18 to Y300. ANA ranked fourth with 7.03m shares and Shinsho third with 9.60m shares. Nippon Yakin Kogyo, which had been drawing popularity on the strength of its commercialisation of amorphous alloys, fell Y8 to Y400.

Blue chips eased on small-lot selling triggered by Wall Street's drop. Pioneer registered a sharp drop of Y80 to Y2,260 on rumours that its recurring profit for the first half (October 1984–March 1985) of its current business year might fall almost 50 per cent short of its initial projection of Y6bn.

A securities company official predicted that even after the current holiday week the market might continue this week's trend of speculative funds flowing into low and medium-priced incentive-backed issues.

Bond prices firmed as brokerage houses, encouraged by the firm tone of the U.S. bond market, increased buying. The yield on the benchmark 7.3 per cent government bonds, falling due in December 1993, edged down to 6.570 per cent from 6.585 per cent on the previous day.

HONG KONG

AFTER a lower opening in Hong Kong, prices rebounded to end narrowly mixed. The keen buying of blue chips appears to have faded with the end of the corporate reporting season.

Jardine Matheson continued to slide, shedding 10 cents to HK$11.50. Cheung Kong was also 10 cents lower at HK$16.10, and Swire Pacific lost 20 cents to HK$24.00.

Among stocks to advance, Hang Seng Bank put on 50 cents to HK$45.75, Hutchison Whampoa added 10 cents to HK$23.30 and Hongkong Wharf was 5 cents higher at HK$6.35.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.8	13	97	17	16⅝	16⅞	−⅛
19¼	9⅝	AGS			12	101	14½	13¾	14⅛	+⅜
18⅛	9⅝	AMCA				4	10⅞	10¾	10¾	−⅛
21½	13¾	AMF	.50	2.5	58	1408	20⅛	19⅝	20⅛	+1
51¾	50	AMF pf4.95e		9.8		100	50⅜	50⅜	50⅜	−¼
43¼	24¼	AMR			9	3420	40	39¼	39⅞	+⅝
21⅜	18½	AMR pf2.18		10.		9	21⅛	21⅛	21⅛	−⅛
23	19	ANR pf2.12		11.		2	19¾	19¾	19¾	−⅝
14¼	8	APL			35	27	8	8	8	
65½	44⅞	ASA		24.0		538	50¼	49⅝	50¼	
27	14⅜	AVX	.32	2.2	12	305	14¾	14⅜	14⅝	−⅛
24⅞	14½	AZP	2.72	12.	7	1398	23⅜	23	23⅜	+⅛
54	38¾	AbtLab	1.40	2.8	15	872	50¾	50⅛	50¾	+¾
25⅞	17	AccoWd	.44	1.9	16	66	23⅛	22⅞	22⅞	−⅛
22	12½	AcmeC	.40	2.8		158	14⅝	14⅜	14⅜	−⅛
10½	8¼	AcmeE	.32b	3.7	11	3	8⅞	8¾	8¾	
17⅝	15	AdaEx	1.92e	11.		33	16⅞	16½	16⅞	+⅛
20	11⅞	AdmMl	.32	2.3	6	22	14¼	14	14⅛	−⅛
19½	8⅝	AdvSys	.53t	5.6	16	108	9⅝	9½	9½	
41⅛	25⅛	AMD			12	3244	27½	27	27⅜	+½
12¾	6⅞	Advest	.12	1.4		115	8½	8¼	8⅜	
14⅝	8¾	Aerflex			11	37	12¼	12⅛	12⅛	−¼
43⅝	27¼	AetnLf	2.64	6.2	31	1867	43	42¼	42¾	+⅝
58¾	52⅜	AetL pf5.83e		11.		10	55⅜	55⅜	55⅜	
35	15¾	Ahmns	1.20	3.6	13	423	33½	32⅞	33¼	+½
4⅛	2½	Aileen			21	38	2¾	2¾	2¾	
51	38⅝	AirPrd	1.20	2.5	11	1451	48⅛	47⅞	48⅛	−¼
24⅝	13	AirbFrt	.60	3.3	10	x480	18	17½	18	
2	1	AlMoa s			23	100	1¾	1½	1⅝	
27⅛	21	AlaP pf2.94e		11.		550	26⅞	26¾	26⅞	−⅛
32¼	26¾	AlaP pfA3.92		12.		2	32⅛	32⅛	32⅛	
7½	6	AlaP dpf.87		12.		25	7½	7⅜	7⅜	
73½	61½	AlaP pf 9		12.		z250	73	73	73	+½
71	57	AlaP pf 8.16		12.		z500	69	68	69	−⅜
68	56	AlaP pf 8.28		12.		z100	67½	67½	67½	+¼

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
47½	33¼	Xerox	3	6.6	19	3243	45½	44⅞	45½	+⅜
52½	45¼	Xerox pf5.45		10.		59	52½	52¼	52⅜	−⅛
30	24	ZaleCp 1.32		5.0	8	15	26⅝	26¼	26⅝	+¼
23⅛	19¼	ZalepfA.80		3.9		1	20½	20½	20½	−½
24¾	13⅜	Zapata	.84	6.1	27	446	13¾	13½	13¾	−⅛
62¾	32	Zayre	.40b	.7	15	315	59½	58¼	59	−½
31¼	18⅛	ZenithE			8	393	20¼	20	20	
21⅞	14⅜	Zero s	.32	1.8	16	57	17⅝	17⅜	17½	+¼
31⅜	21⅞	Zurnin 1.32		4.6	10	47	28⅞	28¾	28¾	−¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

Continued on Page 34

WORLD STOCK MARKETS

AUSTRIA

May. 2	Price Sch%	+ or —
Creditanstalt	312	+4
Goesser	485	+5
Interunfall	765	+1
Laenderbank	305	+1
Perlmooser	470	+15
Steyr-Daimler	173	+7
Veitscher Mag	445	+21

BELGIUM/LUXEMBOURG

May 2	Price Frs.	+ or —
B.B.L.	1,900	....
Banq. Int. A. Lux	6,150	....
Bekaert B	5,710	....
Ciment CBR	2,350	—20
Cockerill	226	—5
Delhaize	7,900	....
EBES	3,065	—10
Electrobel	8,510	+10
Fabrique Nat	1,925	—10
GB Inno BM	3,305	....
GBL (Brux)	1,920	—10
Gevaert	3,800	....
Hoboken	5,410	—40
Intercom	2,165	—10
Kredietbank	8,200	....
Pan Hldgs	11,100	....
Petrofina	6,790	—10
Royale Belge	12,000	—100
Soc. Gen. Banq	3,070	+40
Soc. Gen. Belge	1,845	—30
Sofina	7,200	+507
Solvay	4,180	—20
Stanwick Intl.	1,680	+10
Tractionel	3,925	+5
UCB	4,985	—115
Wagon Lits	3,020	—10

DENMARK

May 2	Price Knr %	+ or —
Andelsbanken	295	....
Baltic Skand	535	—10
CopHandelsbank	308	—2
D. Sukkerfab	535	—5
Danske Bank	301	—3
De Danske Luft	1,195	....
East Asiatic	208	—3
Forenede Brygg	990	....
Forenede Damp	134	....
GNT Hldg	425	....
I.S.S.B.	600	....
Jyske Band	615	....
Novo Ind	1,480	+15
Privatbanken	261	—3
Provinsbanken	332	....
Smidth (F)	249	....
Sophus Berend	1,045	+10
Superfos	446	—1

FRANCE

May 2	Price Frs.	+ or —
Emprunt 4½% 1973	1,726	—3
Emprunt 7% 1973	8,500	—95
Accor	275	—1
Air Liquid	615	....
BIC	610	—10
Bongrain	1,875	....
Bouygues	690	—4
BSN Gervais	2,500	+5
CIT-Alcatel	1,291	—4
Carrefour	2,141	+11
Club Mediter'n	1,135	—8
Cie Bancaire	659	+18
Cofimeg	288	....
Damart	2,260	—30
Darty	1,301	—7
Dumez S.A.	683	+12
Eaux (Cie Gen)	630	+1
Elf-Aquitane	233	—3.5
Essilor	3,085	+40
Gen. Occidentale	687	—2
Imetal	114.3	—1.7
Lafarge Coppee	506	—10
L'Oreal	2,415	+13
Legrand	2,050	+10
Maisons Phenix	214.9	+6.9
Matra S.A.	1,886	+20
Michelin B	920	—13
Midi (Cie)	2,223	—5
Moet-Hennessy	1,861	—14
Moulinex	102.3	—1.7
Nord Est	87.5	—1.5
Penod Ricard	703	—2
Perrier	511	+5
Petroles Fra	264.5	—1.3
Peugeot S.A.	343	—3
Printempt Aus	230.5	—1.5
Radiotech	285	—0.5
Redote	1,374	+4
Rousul-Uclaf	1,755	—10
Sefimeg	352	+2
SkisRossgnol	1,797	—13
Telemech Elect	2,525	—20
Thomson CSF	540	—4
Valeo	248.4	—1.6

GERMANY

May 2	Price Dm.	+ or —
AEG-Telef	107.8	—1.2
Allianz Vers	1156xr	—15
BASF	199	—3.8
Bayer	211	—2.5
Bayer-Hypo	341	—5
Bayer-Verein	339.5	—1
BHF-Bank	275	—1
BMW	355.5	—5
Brown Boveri	204.1	—2.9
Commerzbank	162	—1.2
Cont'l. Gummi	132.5	—0.5
Daimler-Benz	671.5	—3.5
Degussa	349	—2.5
D'sche Babcock	168	—0.5
Deutsche Bank	464	—6
Dresdner Bank	208.5	—3.5
GHH	148	—5
Hochtief	476	—2
Hoechst	209.4	—3.7
Hoesch Werke	106.8	—0.9
Holzmann (P)	434	....
Horten	169	—1
Hussel	290	—1.5
Karstadt	223.7	—2.3
Kaufhof	218.7	+0.2
KHD	247.2xr	—2.8
Kloeckner	70.5	—5
Linde	426	—0.6
Lufthansa	179	—5
MAN	156.5	+1.4
Mannesmann	158.7	—0.3
Mercedes Hld.	592	—7
Metallgesel	247.5	2.5
Munech Rueck	1,350	....
Nixdorf	581	—0.1
Porsche	1190	+4
Preussag	270	....
Rhein West Elect	156	—1
Rosenthal	256	—1
Schering	439	—6
Siemens	527.4xd	—6
Thyssen	95.5	—0.5
Varta	177	+0.5
Veba	179.7	—2.3
V.E.W.	125.9	—0.1
Verein-West	310	....
Volkswagen	206.5	....

ITALY

May 2	Price Lira	+ or —
Banco Com'le	17,180	+270
Bastogi-IRBS	195.5	—1.5
B.I-Invest	5,401	—59
Centrale	2,979	—146
Credito Varesino	3,875	—20
Fiat	2,940	—56
Finsider	82	....
Generali Assicur.	43,800	—700
Italcementi	86,430	—70
La Rinascenti	664	—5.5
Montedison	1,610	—18
Olivetti	6,270	....
Pirelli Co	3,900	—10
Pirelli Spa	2,268	+55
Snia BPD	2,799	—11
Toro Assic	13,950	—350
do Pref	10,200	—200

NETHERLANDS

May 2	Price Fls	+ or —
ACF Holding	203.5	+0.5
AEGON	184.5	—2
Ahold	221.5	—6.2
AKZO	112.5	—10
ABN	425	—5.5
AMEV	240	....
AMRO	75	....
Bredero Cert	179	....
Bos Kalis Westm	19.5	—0.6
Buehrmann-Tet	91	—0.5
Calland Hldgs	38	—0.3
Dordtsche Pet'm	188.5	+1
Elsevier NDU	118.7	+0.7
Fokker	125.5	+5.6
Gist Broades	187.5	—1.2
Heineken	153	—0.5
Hoogovens	53.4	+1.7
Int Mueller	50.8	—1
KLM	58	—0.7
Naarden	51.8	—0.2
Nat Ned Celt	67.3	—0.4
Ned M'd Bank	170	—1.7
Nedlloyd	173.5	—0.8
Oce Grinten	324	—2
Ommeren (Van)	29.9	....
Pakhoed	65.3	—0.2
Philips	56.3	—0.7
Robeco	72.3	—0.5
Rodamco	139.5	....
Rolinco	67.3	—0.6
Rorento	4 .7	—0.5
Royal Dutch	208.6	+1.3
Unilever	351.5	+0.7
VMF Stork	162	—0.5
VNU	206.5	—4.5
West Utr Bank	101.5	—8.5

NORWAY

May. 2	Price Kroner	+ or —
Bergens Bank	146	....
Borregaard	375	—8
Christiania Bank	141	....
DenNorske Cred	147.5	—2.5
Elkem	136	—3.5
Kvaerner	172	+1
Norsk Data	401	+1
Norsk Hydro	112.5	—3.5
Storebrand	263	—4

SPAIN

Apr. 30	Price Pts%	+ or —
Bco Bilbao	338	....
Bco Central	320	+2
Bco Exterior	200	....
Bco Hispano	164	....
Bco Popular	356	+3
Bco Santander	363	+1
Dragados	170	—1
Hidrola	62	+1
Iberduero	94	+0.8
Petroleos	157.2	+4.7
Telefonica	119	—1

SWEDEN

May 2	Price Kronor	+ or —
AGA	420	....
Alfa-Laval	197	....
ASEA (Free)	335	....
Astra (Free)	427	+7
Atlas Copco	114	—2
Cardo (Free)	256	—1
Cellulosa	122	....
Electrolux B	315	....
Ericsson	289	+6
Esselte	355	—10
Mo och Domsjo	246	—1
Pharmacia	191	—1
Saab Scania Free	455	....
Sandvik	400	....
Skandia	354	—5
Skan Enski'da	48	+0.5
SKF	219	—2
St Kopparbergs	151	—2
Sven Handlesbn	162	....
Swelvosh Match	215	....
Volvo B (Free)	263	—2

SWITZERLAND

May 2	Price Frs.	+ or —
Alusuisse	830	....
Bank Leu	3,575	—15
Brown Boveri	1,620	—10
Ciba Geigy	2,990	—35
do. (Part Certs)	2,355	—5
Credit Suisse	2,420	—10
Elektrowatt	2,610	—38
Fisher(Geo.)	750	—10
Hoff-Roche PtCts	92,750	—1000
Hoff-Roche 1/10	9,275	—100
Jacobs Suchard	5,725xr	+80
Jelmoli	1,980	....
Landis & Gyr	1,645	....
Nestle	5,560	+10
Oer-Buehrle	1,425	—10
Pirelli	310	+7
Sandoz (Br)	7,850	+50
Sandoz (PtCts)	1,395	+10
Schindler (PtCts)	778	+13
Sika	1,120	+20
Surveillance	4,370	+120
Swissair	1,075	+25
Swiss Bank	385	+4
Swiss Reinsce	10,850	+100
Swiss Volksbk	1,470	....
Union Bank	3,680	—15
Winterthur	4,125	+152
Zurich Ins	24,800	—300

AUSTRALIA

May. 2	Price Aust.$	+ or —
ANZ Group	4.64	—0.06
Alliance Oil Dev	1.06	—0.01
Ampol Pet	1.82	....
Ashton	0.9	+0.02
Aust. Cons. Ind	2.14	+0.02
Aust. Guarantee	2.45	—0.01
Aust. Nat. Inds	2.7	....
APM	2.7	—0.02
Bell Group	7.04	+0.04
Bell Res	7.1	—0.16
Bond Corp Hldgs	1.54	—0.05
Boral	3.25	—0.07
Bougainville	2.12	—0.03
Brambles Inds	3.75	—0.05
Bridge Oil	2.42	—0.16
B.H. Prop	6.84xa	—0.12
CRA	6.36	—0.24
CSR	2.86	—0.09
Castlemaine Tys	5.0	....
Coles (G.J.)	3.78	—0.02
Comalco "A"	2.32	—0.05
Consolidated Pet	0.4	—0.03
Costain Aust	1.75	....
Dunlop Olympic	2.12	....
Elders IXL	3.08	—0.02
Energ Res	1.45	....

AUSTRALIA (continued)

May 2	Price Aust.$	+ or —
Gen. Pro. Trust	2.2	—0.05
Hardie (James)	3.16	—0.01
Hartogen Energy	3.02	....
Herald W'y Times	4.43	+0.01
ICI Aust	2	—0.05
Jimberlana F.P.	0.34	....
Kia Ora Gold	0.17	—0.01
Lend Lease	6.8	+0.4
MIM	3.2	—0.2
Mayne Nickless	3.32	+0.02
Myer Emporium	1.76	—0.01
Nat. Aust. Bank	3.82	—0.03
News	7.6xc	+0.1
Nicholas Kiwi	1.95	....
North Bkn Hill	2.52	—0.13
Oakbridge	0.96	....
Pancont'l	1.66	+0.03
Pioneer Conc	1.68	—0.06
Poseidon	4	—0.35
Queensland Coal	1.61	+0.01
Reckitt & Coln	3.45	+0.05
Repco	1.21	—0.07
Santos	5.1	—0.1
Smith (Howard)	4.6	....
Thos. Natwide	1.92	—0.01
Tooth	5.8	....
Vamgas	4.25	—0.05
Western Mining	4	—0.18
Westpac Bank	3.81	—0.02
Woodside Petrol	1.59	....
Woolworths	3.05	—0.05
Wormald Intl	3.57	....

HONG KONG

May 2	Price H.K.$	+ or —
Bank East Asia	24.2	—0.2
Cheung Kong	16.1	—0.1
China Light	14.6	....
Evergo	0.76	—0.07
Hang Seng Bank	45.75	—0.5
HK Electric	7.7	....
HK Kowloon Wh.	6.35	+0.05
HK Land	5.6	—0.1
HK Shanghai Bk.	7.85xa	....
HK Telephone	79.5	—0.5
Hutchinson Wpa	23.3	+0.1
Jardine Math	11.5	—0.1
New World Dev.	7	+0.05
Orient O'seas	2.17	—0.03
Oseas Trust Bk	3.2	+0.08
SHK Props	11	—0.1
Shell Elect	1.44	—0.04
Swire Pac A	24	—0.2
TV—B	6.05	0.2
Wheel'k Mard A.	7.25	....
Wheel'k M'time	1.10	....
World Int. Hldns	2.1	—0.05

JAPAN

May 2	Price Yen	+ or —
Ajisomoto	1,150	+10
Alps Electric	1,840	—10
Amada	1,080	—10
Asahi Chem	865	—15
Asahi Glass	890	+3
Bridgestone	527	+6
Canon	1,280	—20
Casio Comp.	1,690	—40
Chugai Pharm	1,070	+10
Citizen	680	+7
Daiei	690	+45
Dai Nippon Ptg	1,030	+20
Daiwa House	580	+4
Ebara	435	—15
Eisai	1,500	—30
Fanuc	9240xr	+30
Fuji Bank	1,500	+30
Fuji Film	1,740	—40
Fujisawa	1,000	—20
Fujitsu	1,170	—20
Green Cross	2,870	....
Hasegawa	391	—1
Heiwa Real Est	805	+24
Hitachi	805	....
Hitachi Credit	1,080	+10
Honda	1,360	+10
House Food	715	....
Hoya	2,190	+10
Itoh (C)	355	+5
Ito. Yokado	2,520	+10
Iwatsu	1,000	....
JACCS	319	+2
JAL	6,600	+30
Jusco	739	+4
Kajima	306	—4
Kao Soap	797	—5
Kashiyama	649	+11
Kirin	649	—11
Kokuyo	945	+42
Komatsu	437	—2
Konishiroku	670	—2
Kubota	339	+4
Kumagai	623	+19
Kyoto Ceramic	5,320	—50
Maeda Const	572	+22
Muakino Milling	1,240	—10
Myakita	990	+1
Marubeni	301	—1
Marudai	566	—2
Marui	1,100	—10
MEI	1,500	+10
M'ta Elec Works	755	+18
M'bishi Bank	1,510	+30
M'bishi	519	—3
M'bishi Elect	395	....
M'bishi Estate	630	+3

JAPAN (continued)

May. 2	Price Yen	+ or —
MHI	261	+1
Mitsui	331	+2
Mitsui Estate	650xc	+10
Mitsukoshi	540	—3
NGK Insulators	871xc	+1
Nihon Cement	265	—3
Nippon Denso	1,360	+10
Nippon Elect	1,100	....
Nippon Express	355	—3
Nippon Gakki	1,740	—10
Nippon Kokan	135	....
Nippon Oil	868xc	+3
Nippon Seiko	585	—5
Nippon Shimpan	581	—4
Nippon Steel	147	+1
Nippon Suisan	338	+1
NTV	16300xc	+500
Nippon Yusen	238xc	+4
Nissan Motor	629	—2
Nisshin Flour	499	—6
Nisshin Steel	162	—5
Nomura	1,050	+10
Olympus	1,230	....
Orient Leasing	2,850	....
Pioneer	2,260	—80
Renown	659	+1
Ricoh	927	—8
Sankyo	1,120	....
Sanyo Elect	451	—2
Sapporo	472	—3
Sekisui Prefab	609	+19
Seven-Eleven	9,250	—20
Sharp	998	+3
Shimadzu	779xc	+9
Shionogi	769xc	+34
Shiseido	1,210	+40
Sony	4,380	—50
Stanley	925	—6
S'tomo Bank	1,750	+60
S'tomo Elect	863	+4
S'tomo Marine	612	+17
S'tomo Metal	145	....
Taihei Dengyo	480	+1
Taisei Corp.	230	....
Taisho Pharm	1,210	+40
Takeda	860	+2
TDK	5,530	—60
Teijin	441	—1
Teikoku	800	....
Tokyo Marine	825	+1
TBS	770	....
Tokyo Elect Pwr	1,700	—10
Tokyo Gas	188	—1
Tokyo Sanyo	668	—2
Tokyo Style	784	+21
Tokyu Corp	379	+10
Toppan Print	851	—7
Toray	452	—3
Toshiba Elect	385	....
TOTO	661	+1
Toyo Seikan	870	....
Toyota Motor	1,330	—20
Victor	1,960	+10
Wacoal	899	—1
Yamaha	765	—10
Yamanouchi	3,020	—60
Yamazaki	660	+11
Yasuda Fire	453	+1
Yokogawa Bdge.	456	+16

SINGAPORE

May. 2	Price $	+ or —
Boustead Hldgs	1.68	+0.07
Cold Storage	2.54	....
DBS	5.85	—0.05
Genting	5.8	+0.05
Haw Par. Bros	2.11	—0.02
Hong Leong Fin	2.9	....
Inchcape Bhd.	2.42	—0.03
Keppel Shipyard	1.59	+0.05
Malay Banking	5.8	....
Malay Utd. Ind	2.36	+0.05
Multi Purpose	0.91	+0.01
OCBC	8.9	....
OUB	3.56	....
Public Bank	1.48	....
Sime Darby	1.98	+0.04
Singapore Press	6.2	+0.05
Straits Trdg.	4.52	+0.04
Tat Lee Bk	2.75	+0.02
UOB	4.34	....

SOUTH AFRICA

May. 2	Price Rand	+ or —
Abercom	1.52	+0.02
AE&CI	8.00	....
Allied Tech	60.0	....
Anglo Am Coal	42	....
Anglo Am Corp	26	+0.15
Anglo Am Gold	172.5	+0.25
Barclays Bank	16.25	+0.25
Barlow Rand	11.2	—0.05
Buffels	81.5	—4.5
CNA Gallo	2.7	....
Currie Finance	4.00	....
De Beers	10.55	+0.1
Driefontein	51	+0.25
FS Geduld	52.5	+1
Gold Fields SA	33	....
Highveld Steel	3.95	....
Nedbank	11.85	—0.1
OK Bazaars	13	—0.25
Protea Hldgs	1.6	....
Rembrandt	36	....
Rust Plat	16.85	—0.15
Safren	15.25	+0.05
Sage Hldgs	8.85	+0.55
SA Brews	7.4	....
Smith (AG)	25.5	....
Tongaat Hulet	6.5	—0.5
Unisec	5.2	+0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Closing prices May 2

OVER-THE-COUNTER *Nasdaq national market, closing prices*

LONDON

Chief price changes
(in pence unless otherwise indicated)

RISES

Tr 2½ IL 01	£99¾	+£¼
Aspinall Hldgs	176	+10
Bio-Isolates	34	+ 6
Boustead	81	+ 6
British Syphon	147	+10
Caledonian Offs.	415	+35
Coutaulds	139	+ 6
Distillers	292	+ 6
Evered	224	+ 8
Firstland O & G	225	+35
Garnar Booth	226	+11
Guinness (Art.)	252	+ 6
Holt Lloyd Intl	89	+ 7
ICI	747	+13
Milford Docks	67	+ 7
Minet Hldgs	245	+11
NatWest Bank	633	+23
Our Price	430	+22
Sainsbury (J)	346	+ 6
Security Centres	120	+25
Telephone Rent	212	+ 9
Tootal	86	+ 4
Trusthouse Forte	145	+ 5
United Wire	145	+15

FALLS

BAT Inds	310	— 8
Inchcape	395	—30
Mowlem (J)	224	— 6
Shiloh	70	—10
Vantona Viyella	330	— 8
Volex	163	—10

Continued on Page 42

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

MARKET REPORT

Increased response to optimistic CBI survey lifts equity index 11.5 to 989.9

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equities responded further yesterday to the Confederation of British Industry's latest survey which pointed to increasing confidence in manufacturing industry's ability to boost output and orders. The latest performance by Wall Street, which on Wednesday registered its second successive double-figure decline to its lowest level since mid-January, was brushed asied by enthusiastic UK investors.

Leading shares advanced across the board and the pace gathered momentum as shortages of selected stocks were uncovered. Some institutional purchases were again evident, but the bulk of demand originated from *private clients. Takeover* speculation continued to generate considerable activity, while sterling's slightly easier trend against the dollar *prompted* support for international stocks.

Although interest faded from *mid-afternoon onwads*, the *FT* Odinary share index retained a rise of over 12 points until easing from its highest level during the after-hours trade. *It closed* 11.5 up at 989.9, benefiting from renewed strength in **Courtaulds** *and Trusthouse Forte. Reports* that two brokers had upgraded their estimates of the group's annual profits, due to be announced on May 28, accompanied revived buying of Courtaulds, while Trsuthouse Forte were *considered cheap after* having been overlooked recently.

Favourable publicity about **Lloyds** $300m floating rate note issue directed attention towards the clearing banks. A broker's circular highlighting the sector's attractions created futher interest and **NatWest** raced higher fololwed by **Lloyds** and **Barclays. Thorn EMI** continued to rise on growing conviction that America's RCA is about to launch a bid, while **Bowater** joined the list of leading companies regarded as prime takeover targets.

The current *strength* of U.S. bonds, which reflects hopes of lower domestic interest rates, was ignored by the Gilt-edged market. Conventional issues fluctuated narrowly to end with small changes in either direction and only *index-linked* stocks warranted mention. Scattered support in the absence of worthwhile selling eventually brought gains in the area ranging to ¼.

Clearers strong

The major clearing banks closed the day with double-figure improvements. **Lloyds**, whose recent move in capital markets effectively removes the threat of a rights issue, advanced 18 afresh for a two-day jump of 27 to 375p. **NatWest** jumped 23 to 633p, while **Barclays** firmed 13 to 365p. **Midland** finished 10 dearer at 360p ahead of today's annual general meeting.

Lloyds Broker **Minet**, nervously sold on Wednesday ahead of the results, rebounded smartly to close 11 dearer at 245p, after 251p, on better-than-expected annual profits and news that the divestment of its troubled *Richard Beckett Underwriting* Agencies (formerly PCW Underwriting Agenices) was imminent. Other issues in the sector moved higher in sympathy with Minet's trading performance and on hopes of further rationalisation moves within the sector. **Willis Faber** put on 17 to 655p and **Stewart Wrightson** 12 to 597p. Elsewhere, *London United Investments* gained 8 to a 1985 peak of 303p following comment on the results.

Specialist printing machinery manufacturers **Domino Printing Sciences** staged a highly successful market debut; the shares, heavily oversubscribed at the offer price of 20p, began at 270p, but slipped to 260p on *stag* selling, before surging forward to close at the day's best of 272p. **Sherwood Computer**, which provides specialist computer services to Lloyds underwriters, got *off* to a good start in the Unlisted Securities Market; offered-for-sale by tender at 145p, the shares opened at the striking price of 175p and touched 190p prior to *closing* at 188p. Among other recently-issued equities, **Pepe**, a restrained market since its USM debut in mid-March, attracted revived demand and moved up 7 to 97p, still below the issue price of 100p.

Breweries took the previous day's gains a useful stage further as institutional investors continued to *support* the *sector* ahead of the interim dividend season; sentiment was also helped by the encouraging March beer production figures. **Bass**, half-year results due on May 22, added 12 afresh to 547p, while **Arthur Guinness** firmed 6 at 252p. Elsewhere, **Distillers** moved up 6 to 292p.

Leading Buildings began cautiously, but the appearance of a few buyers eventually brought a steady to firm close. Secondary issues, however, provided the noteworthy movements. **John Mowlem** continued to trade actively in the wake of the annual results and dipped to 220p on profit-taking prior to closing a net 6 off at 224p. **F.J.C. Lilley** reacted to 58p on lower annual profits before rallying smartly on talk that a stake was being *built* up and *settling* a penny dearer on balance at 64p. Preliminary profits in line with market estimates and a cautiously optimistic *statement* helped **Aberdeen Construction** improve 4 to 186p.

Recently-subdued ICI gave a brighter performance, mainly due to currency influences, and closed 13 higher on balance at 747p, after 752p. Buyers also returned for **Yorkshire Chemicals**, up 5 at 73p.

Owen Owen easier

Speculative interest in secondare Stores waned after the recent excitement. **Owen Owen** gave up 10 to 240p on profit-taking in the absence of the widely-rumoured 300p-plus bid. **Our Price** advanced 22 to 430p and **Dunhill** moved up 13 to 391p, after 396p. **Court Furnishers "A"** improved 4 to 109p in response to an investment recommendation. Leading Retailers generally drifted lower for want of support.

Thorn EMI again held the limelight in the Electrical leaders, advancing afresh to 475p amid continued bid speculation before reacting late to close only 4 *higher on the day* at *460p.* Demand persisted for **British Telecom** which gained 3½ more to 146½p making a two-day rise of 6½p. Among the secondary stocks, newsletter comment left **Telephone Rentals** 9 higher at *212p* and *Briktat 5 better* at *290p.* **Cable and Wireless** were again favoured at 550p, up 10, while **Pressac**, largely reflecting late interest, closed 8 dearer at 96p. Speculative demand left **Security Centres** 25 higher at 120p.

Leading Engineers made modest headway under the lead of **Hawker**, 11 to the good at 447p. Elsewhere, **United Wire** featured a rise of 15 to 145p in response to the increased interim dividend and profits. *Babcock were supported at 158p,* up 6 while occasional demand left **John Brown** a couple of pence firmer at *34p.* Awaiting the outcome of the bid situation, **Westland** were briskly traded and settled 3 lower at 146p, after *142p.*

Among Foods, **Cadbury Schweppes** firmed a penny to *165p following the chairman's* confident statement at the annual meeting, while **J. Sainsbury** gained 6 more to 346p on reports that analysts had upgraded profit estimates ahead of the preliminary figures due later this month. Elsewhere, **Bio-Isolates** put on 6 to 34p, after 36p, following the 15-month figures and cheerful *statement.*

Recently-neglected **Trusthouse Forte** revived strongly in the Hotel sector and touched 157p prior to closing a net 5 up at 145p.

Brit. Syphon good

Selective support was forthcoming for the miscellaneous industrial leaders. **BOC** were noteworthy for a rise of 8 to 275p, while **BTR** edged up 7 to 714p and **Boots** put on a few pence to 178p. Elsewhere, company trading statements were again responsible for several good gains. **British Syphon** responded to the preliminary figures and proposed scrip issue with a rise of 10 to 147p. **Holt Lloyd**, also reflecting the annual results, advanced 7 to 89p. *Increased interim profits left* **GR Holdings** 8 to the good at 245p, but profit-taking clipped 5 from **J. W. Spear** at 125p after the previous day's improvement that followed the annual results. Fresh demand amid vague talk *of a bid from Hanson Trust took* **Bowater** up to 272p before sellers appeared and left the close at *265p,* up 5 on balance. **Pentland** were the subject of profit-taking and ran back 10 to 715p, while **Polly Peck** fell 7 to 268p and **Sangers** 4 to 76p for a similar reason. Reports of a brokers downgraded profits forecast left **Reckitt and Colman** 8 lower at 510p, after 503p. **Shilloh** at 70p, *gave up 10 of the previous day's* gain of 37 which followed preliminary figures well above market expectations. Fresh speculative interest lifted **Evered** 8 more to 224p.

In the Leisure sector, further buying ahead of the interim results due on May 21 lifted **Aspinall Holdings** 10 for a two-day gain of 16. On the other hand, **Nimslo International** remained on offer in the wake *of the annual results and shed* 6 more to 28p.

Leading Properties were *virtually unchanged*, but **Stock Conversion** firmed 5 to 510p in the late dealings following news that J. Rothschild had exercised its option requiring Stockley to purchase 2.175m Stock Conversion shares at 545p per share. **Stockley** *held at 70p. Elsewhere,* **Control Securities**, a firm market recently on takeover speculation, shed 3 to 39p, after 38p, following a major property acquisition. USM-quoted **Tops Estates** gained 11 to 163p on the appearance of *buyers in a restricted market.*

Milford Docks, 7 up at 67p on revived speculative demand, provided an isolated feature in Shippings.

Courtaulds returned to prominence in Textiles, rising 6 to *139p* as brokers upgraded their profits forecasts ahead of the preliminary results, scheduled for May 28. **Carpets International** firmed 2¼ more for a rise of 13 on the week so far to 75½p; takeover hopes were not dampened by the *bid denial from* Interface Fooring Systems of the U.S. **Tootal** moved up 4 to 80p *amid talk of a bid from* **Vanton Viyella**, 8 down at 330p, after 326p.

Overnight U.S. influences unsettled **Bats** which fell 8 to 310p, after 308p; it is pointed out that U.S. broker Drexel Burnham *has not lowered its rating for* the stock from "buy" to "hold."

Business in the oil majors was described as only moderate but the secondary issues provided a number of features. **LASMO** improved 8 to 315p in belated response to a *drilling* report and also following vague bid rumours while takeover speculation continued to boost **Burmah**, up 5 more at 236p. **Tricentrol** progressed to 260p in initial dealings, helped by a favourable Press reception to the first quarter results, but ran back on profit-taking to close a fraction *easier on balance at 253p.*

Bid speculation produced a flurry of buying in **Caledonian Offshore** which rose strongly to end the day 35 higher at a year's best of 415p. **Firstland Oil and Gas** advanced a like amount to 225p.

Incheape's annual profits failed to match more optimistic expec*tations* and the close was 30 lower at 395p.

Quiet Mines

Mining markets traded in a more sedate fashion. South African Golds opened a shade firmer, reflecting the initial modest rally in bullion and scrappy buying interest from the Cape, but subsequently *fell* back as hte metal price drifted easier on the firm dollar. Bullion *edged* up again in the late afternoon to settle a net $2.50 up at $314.25 but the majority of Golds were left with marginal falls on balance. The Gold Mines index extended its recent decline to a furth successive day and posted a 1.7 loss at 485.4—its lowestl evel since mid-March.

London-domiciled Financials provided a firm feature in **Rio Tinto-Zinc** which rose 8 to 633p reflecting the latest strong showing by domestic equities and *also following persistent* U.S. demand after-hours.

Australians endured another painful session overnight. This *was prior to the poor third*-quarter results from **Peko-Wallsend** which were revealed after the close of "down-under" stock exchanges. Consequently London dealers marked prices sharply lower, especially in the leaders, and the sector continued to lose ground throughout the day. **Peko-Wallsend** were the major casualty and dropped 10 to a year's low of 214p, while **MIM Holdings**, which announced *on Tuesday, fell 7 to 169p.*

FINANCIAL TIMES STOCK INDICES

	May 2	May 1	Apr. 30	Apr. 29	Apr. 26	Apr. 25	year ago
Government Secs.	81.08	81.15	81.28	81.30	81.19	81.28	81.40
Fixed Interest	85.68	85.66	85.60	85.58	85.87	85.92	85.69
Ordinary	989.9	978.4	971.4	968.5	970.9	965.6	922.8
Gold Mines	485.4	487.1	501.5	508.6	521.2	515.1	671.4
Ord. Div. Yield	4.61	4.65	4.69	4.69	4.68	4.71	4.24
Earnings, Yld.% (full)	11.58	11.69	11.78	11.78	11.76	11.85	9.82
P/E Ratio (net) (*)	10.52	10.48	10.34	10.34	10.37	10.30	12.29
Total bargains (Est.)	23,842	19,161	24,085	25,673	26,789	23,670	23,993
Equity turnover £m.	—	325.54	376.10	308.70	568.59	444.05	276.79
Equity bargains	—	20,056	19,622	21,979	26,614	23,426	19,862
Shares traded (ml)	—	159.0	179.8	171.7	271.2	223.3	156.6

10 am 980.4. 11 am 985.6. Noon 988.5. 1 pm 989.5. 2 pm 981.1. 3 pm 990.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.21.

HIGHS AND LOWS / S.E. ACTIVITY INDICES

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (3/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	439.5 (28/1)	734.7 (15/2/83)	43.5 (26/10/71)

	May 1	Apr. 30
Daily		
Gilt Edged Bargains	120.1	127.7
Equities Bargains	129.9	127.1
Value	658.0	760.2
5day Average		
Gilt Edged Bargains	125.0	127.3
Equities Bargains	144.7	143.8
Value	817.8	859.6

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (79)

COMMONWEALTH AND AFRICAN LOANS (17)
NZ 7¼pc 1988-92

AMERICANS (2)
Houston Natural Gas; Tenneco 10pc Ln 1991-95

BANKS (1)
Wagon Finance

BREWERS (1)
Bass

BUILDINGS (3)
IDC; UBM; Marshalls Halifax

STORES (6)
De Brett (Andre); Millets Leisure; Dunhill; Moss Bros.; Fine Art Devs.; Our Price; Formminster; Reed (Austin) A N/V

ELECTRICALS (9)
Arlen Elect.; LPA Inds.; British Telecom; Memec; Cable & Wireless; Molynx; Farnell Elect.; Western Selection; Godwin Warren

ENGINEERING (10)
Aerora; Metalrax; 9pc Cnv Red Pfd.; Neepsend; Beauford; Staveley Inds.; Hall (Matthew); Utd. Wire; Locker (T.); Whessoe; Do. A

FOODS (2)
Sainsbury (J.); Hillards

INDUSTRIALS (17)
Appledore (A.&P.); Oriflame Intl. SA; Bowater Inds.; Paton Intl.; British Syphon; Sparrow (G.W.); Dominion Intl.; Standard Fireworks; Evered; TSL Thermal Synd.; Friedland Doggart; Unigroup; High-Point Services; Wolpac; John Matthey; Young (H.); Morgan Crucible

INSURANCE (3)
Ldn. United Invts.; Refuge; Prudential

LEISURE (1)
Aspinall Hldgs.

NEWSPAPERS (1)
Metal Bulletin

PAPER (1)
Fitch

PROPERTY (8)
Cardiff Property; Rosehaugh; Daejan Hldgs.; Stock Conversion; Gable House; Tops Estates; 10¼pcCnv.Ln. 95-99; Do. 7½pcCnv. 2014; Priest Marians

TEXTILES (2)
Carpets Intl; Tootal

TRUSTS (3)
Frost (J.J.&D.); Channel Islands Cap; Scottish Northern Inv.

OILS (5)
Caledonian Offshore; Imp Cont. Gas; Eglinton Oil & Gas; 8pcCav. 1995-2000; Firstland Oil & Gas; Sun (UK) Royalty

MINES (1)
Jo'burg Cons.

NEW LOWS (22)

BANKS (2)
Hill Samuel; Moorgate Mercantile

BUILDINGS (1)
Gleeson (M. J.)

CHEMICALS (2)
Engelhard; Wardle Storeys

ELECTRICALS (2)
HB Elect. Components; Motorola

INDUSTRIALS (2)
Nu-Swift Inds.; Staits. Potts. 10pcCnv.Red.Pf.

LEISURE (1)
Nationwide Leisure

NEWSPAPERS (1)
Utd. Newspapers

TEXTILES (1)
Coats Patons

TOBACCOS (1)
BAT Inds.

TRUSTS (3)
Cambrian & General; Ldn. & Assoc. Inv.; M. & G. Dual Inc.

OILS (1)
Buia Resources

PLANTATIONS (1)
Anglo-Indonesian

MINES (4)
Wit. Nigel; Charter Cons.; Stilfontein; Peko-Wallsend

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 22	May 3	July 25	Aug 3
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9

For rate indications see end of Share Information Service

Stocks favoured for the call took in **Thorn EMI, Hawley Group, Yorkgreen, Martin Ford, Pentland Industries, Falcon Industries, Vosper, G. W. Sparrow, Premier Consolidated, Combined Technology, Thomas Locker "A," London Investment Trust, Minet Holdings** and *Burneett and Hallamshire.*

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur May 2 1985 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1985 to date	Wed May 1 Index No.	Tue April 30 Index No.	Mon April 29 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	556.53	+0.7	10.13	4.00	12.32	5.47	552.73	550.16	549.33	530.23
2	Building Materials (24)	505.22	+0.1	12.94	5.04	9.53	4.29	504.54	498.60	495.32	532.44
3	Contracting, Construction (29)	726.52	-0.2	13.70	5.63	9.43	7.41	728.34	726.57	727.33	749.92
4	Electricals (15)	1559.12	+0.4	10.05	4.67	12.57	27.85	1553.15	1551.69	1558.83	1741.28
5	Electronics (36)	1713.97	+1.1	8.66	2.95	14.04	12.93	1695.86	1691.38	1681.69	1801.54
6	Mechanical Engineering (63)	308.63	+0.7	10.73	4.46	11.31	3.26	306.33	306.11	307.11	252.68
8	Metals and Metal Forming (7)	195.88	+0.7	12.68	7.76	9.87	2.33	194.50	189.41	190.16	204.17
9	Motors (17)	164.02	+0.5	13.46	5.12	9.18	2.58	163.17	162.35	163.48	143.40
10	Other Industrial Materials (17)	963.01	+0.8	7.40	3.22	16.32	10.27	955.35	949.97	951.87	712.82
21	CONSUMER GROUP (178)	647.54	—	9.61	3.84	12.58	4.39	647.24	641.88	642.72	551.12
22	Brewers and Distillers (23)	580.07	+1.0	11.66	4.63	10.43	3.61	574.09	564.77	560.31	560.95
25	Food Manufacturing (20)	512.05	—	11.39	4.70	10.98	7.27	511.92	504.77	505.38	413.56
26	Food Retailing (13)	1587.57	+0.7	6.05	2.39	22.02	5.43	1576.82	1554.00	1539.90	1247.59
27	Health and Household Products (9)	1017.69	-0.6	6.43	2.77	18.19	4.37	1024.06	1023.10	1032.83	830.44
29	Leisure (25)	699.58	+1.1	8.44	4.64	15.48	11.85	692.09	681.73	671.93	709.24
32	Newspapers, Publishing (12)	1757.09	—	6.81	4.32	18.95	18.88	1756.85	1752.55	1769.95	1366.11
33	Packaging and Paper (14)	315.65	-0.1	12.34	4.14	9.46	1.77	315.87	312.30	311.58	270.43
34	Stores (42)	614.07	—	6.86	3.21	17.84	1.75	613.83	613.90	611.01	494.57
35	Textiles (19)	319.61	+1.1	16.38	4.75	7.00	2.70	316.17	315.29	316.33	317.42
36	Tobaccos (3)	828.37	-2.0	18.00	5.38	6.23	5.43	845.32	835.41	865.44	685.11
41	OTHER GROUPS (97)	690.62	+1.0	8.75	3.95	14.43	4.76	683.55	677.28	678.56	463.99
42	Chemicals (17)	744.39	+1.6	13.83	4.92	8.95	14.31	732.53	731.54	739.11	627.98
44	Office Equipment (4)	182.83	+1.0	7.23	4.60	17.14	2.92	181.00	181.81	181.81	134.41
45	Shipping and Transport (12)	1167.81	+0.2	6.46	4.68	19.90	19.33	1165.70	1159.45	1160.02	984.91
46	Miscellaneous (62)	859.76	-0.1	7.11	3.32	17.26	3.55	860.34	853.18	853.38	632.45
48	Telephone Networks (2)	858.65	+1.6	7.79	3.75	16.75	0.70	845.02	832.51	831.79	0.0
49	INDUSTRIAL GROUP (483)	643.72	+0.5	9.51	3.91	12.96	4.09	640.65	635.79	636.26	536.33
51	Oils (17)	1211.07	—	15.28	6.87	8.04	37.58	1210.86	1197.84	1198.14	1145.34
59	500 SHARE INDEX (500)	691.11	+0.4	10.31	4.32	11.94	7.49	688.25	682.67	683.19	587.34
61	FINANCIAL GROUP (114)	464.49	+1.1	—	5.35	—	6.86	459.24	457.84	454.73	386.75
62	Banks (6)	458.49	+3.0	17.08	7.50	8.36	11.15	445.00	437.85	434.55	394.50
65	Insurance (Life) (8)	721.94	+1.0	—	4.39	—	14.01	714.88	715.90	701.87	479.55
66	Insurance (Composite) (7)	339.17	+0.3	—	5.75	—	4.15	338.16	339.85	341.46	271.46
67	Insurance (Brokers) (7)	1112.64	+2.1	7.73	3.57	17.24	15.72	1090.05	1097.47	1078.26	762.24
68	Merchant Banks (11)	224.02	—	—	4.27	—	1.22	223.92	224.23	224.56	299.03
69	Property (50)	638.46	+0.1	5.54	3.61	23.90	2.27	637.95	633.34	633.30	581.77
70	Other Financial (25)	285.88	+0.1	8.47	5.69	14.43	4.65	285.66	284.83	284.19	259.91
71	Investment Trusts (106)	592.26	+0.1	—	3.39	—	4.49	591.64	588.74	599.28	523.65
81	Mining Finance (4)	293.83	+0.5	11.26	5.38	10.97	1.50	292.28	294.11	294.74	316.27
91	Overseas Traders (14)	664.04	-1.4	9.81	6.39	13.76	7.61	673.74	672.67	669.90	568.30
99	ALL-SHARE INDEX (730)	629.48	+0.5	—	4.47	—	7.03	626.60	622.11	622.24	536.71

	Index No.	Day's Change	Day's High	Day's Low	May 1	April 30	April 29	April 26	April 25	Year ago
FT-SE 100 SHARE INDEX	1309.1	+7.6	1310.0	1300.1	1301.5	1291.0	1292.9	1295.3	1289.5	1141.46

FIXED INTEREST

	PRICE INDICES	Thur May 2	Day's change %	Wed May 1	xd adj. today	xd adj. 1985 to date
	British Government					
1	5 years	117.28	-0.01	117.29	—	3.69
2	5-15 years	128.21	+0.01	128.20	—	5.01
3	Over 15 years	135.78	-0.01	135.79	—	3.83
4	Irredeemables	144.31	—	144.31	—	6.07
5	All stocks	127.28	—	127.29	—	4.28
6	Debentures & Loans	109.85	+0.03	109.82	—	4.22
7	Preference	77.97	+0.15	77.86	—	2.40
	BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8	All stocks	110.09	+0.16	109.91	—	1.03

	AVERAGE GROSS REDEMPTION YIELDS		Thur May 2	Wed May 1	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.62	10.60	10.39
2		15 years	10.68	10.68	10.44
3		25 years	10.27	10.28	9.94
4	Medium Coupons	5 years	11.53	11.51	11.04
5		15 years	10.98	10.98	10.90
6		25 years	10.47	10.48	10.27
7	High Coupons	5 years	11.61	11.59	11.14
8		15 years	11.13	11.13	11.07
9		25 years	10.61	10.60	10.38
10	Irredeemables†		10.09	10.09	9.86
11	Debs & Loans	5 years	11.90	11.91	11.57
12		15 years	11.73	11.74	11.51
13		25 years	11.56	11.57	11.47
14	Preference†		12.61	12.64	12.37
	BRITISH GOVERNMENT INDEX-LINKED STOCKS				
15	Inflation rate	5%	3.45	3.46	3.59
16		10%	3.26	3.27	3.41

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *u* Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully-paid. ‖‖ Introduction. ✲ Unlisted Securities Market. § Placing price. † Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). ‡ Units comprising 4 Ord., 1 Warrant and £1.00 of 12½ per cent Uns.Ln. stk. 1995-99.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	310	− 8
BOC	275	+ 8
Bowater Inds	265	+ 5
Domino Printing	272	—
East Mid Allied A	138	—
Holt Lloyd	89	+ 7
Inchcape	395	−30
Lilley (F.J.C.)	64	+ 1
Minet Holdings	245	+11
NatWest Bank	633	+23
Thorn EMI	460	+ 4
Westland	146	− 3

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Thorn EMI	28	456	+11
Bowater Inds.	15	260	+16
Shiloh	15	80	+37
Lloyds Bank	14	580	+12
BAT Inds	13	318	+ 5
Barclays Nt	13	345	+ 2
BP	13	565	+11
Owen Owen	13	250	+22
Burmah Oil	12	231	+ 3
Ladbroke	12	260	+ 9
Heden	11	331	+21
Tarmac	11	552	+ 4
Westland	11	149	+ 9
Brit Aerospace	10	390	− 5

† Fully-paid

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	22	27	58
Corpns. Dom. & Foreign Bonds	8	13	63
Industrials	272	217	957
Financial & Props.	94	57	385
Oils	24	19	82
Plantations	8	1	10
Mines	32	50	98
Others	95	40	90
Totals	553	424	1,743

EUROPEAN OPTIONS EXCHANGE

[illegible]

LONDON TRADED OPTIONS

[illegible]

May 2. Total contracts 7,052 Calls 4,895 Puts 2,157.
* Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

MINES—Continued

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's
350	140	Centenial Mork.	150	.....	—	—	—
120	70	Colby Res Corp.	80	.....	—	—	—
550	450	Cons. Murch. 10c	450	.....	†Q100c	2.4	10.8
40	28	Ennex Int. Ir10p	35	.....	—	—	—
117	73	Greenwich Res. Inc.	80	.....	—	—	—
215	157	Hampton Areas 10p	200	–2	3.75	2.1	2.5
260	160	Highwood Res.	182	–18	—	—	—
£22½	£18	Homestake Mining $1	£19⅝	.....	Q20c	—	0.8
310	190	McFinley Red Lake	285	.....	—	—	—
300	195	Musto Explorations	260	–5	—	—	—
55	23	New Sabina Res C$1	42	.....	—	—	—
375	260	Northgate C$1	320	.....	—	—	—
685	581	RTZ	633	+8	20.0	2.7	4.6
£145½	£129	Do. 9½pcLn '95-2000	£135	–1	Q9½%	14.0	f7.2
£13¾	£10	Tara Expln $1	£13¼	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- § No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	100	.....	Arnott	180	.....
Craig & Rose £1	£9	–1	CPI Hldgs	50	.....
Finlay Pkg. 5p	61	.....	Carroll Inds.	118	.....
Higsons Brew	148	–4	Dublin Gas	54	.....
Holt (Jos) 25p	745	.....	Hall (R. & H.)	53	+3
IoM Stm. £1	95	.....	Heiton Hldgs.	16	.....
IRISH			Irish Ropes	41	.....
Exch. 12% 1985	£100	.....	Jacob (W. & R.)	71xd	.....
Nat. 9¾% 84/89	£90¼	.....	Unidare	85	.....
Fin. 13% 97/02	£98½	..			

OPTIONS —3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	18
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
BTR	52	ICI	60	Brit Land	12
Babcock	14	'Imps'	18	Cap Counties	18
Barclays	48	Jaguar	28	Land Secs	25
Beecham	32	Ladbroke	24	MEPC	28
Blue Circle	45	Legal & Gen	50	Peachey	22
Boots	15	Lex Service	28	Samuel Props	14
Bowaters	20	Lloyds Bank	45	**Oils**	
Brit Aerospace	33	Lucas Inds	25	Brent Oil & Min	4
Brit. Telecom	11	Marks & Spcr	11	Brit Petroleum	42
Brown (J.)	3	Midland Bk	30	Burmah Oil	18
Burton Ord	39	NEI	8	Charterhall	6
Cadburys	14	Nat West Bk	60	Premier	5
Comm Union	19	P & O Dfd.	36	Shell	60
Courtaulds	12½	Plessey	17	Tricentrol	18
Debenhams	17½	Polly Peck	26	Ultramar	19
Distillers	28	Racal Elect	18		
Dunlop	6	RHM	11	**Mines**	
FNFC	6½	Rank Org Ord	32	Charter Cons	18
Gen Accident	45	Reed Intnl	50	Cons Gold	44
Gen Electric	17	Sears	8	Lonrho	14
Glaxo	85	TI	20	Rio T Zinc	56
Grand Met	25	Tesco	20		
GUS 'A'	68	Thorn EMI	35		
Guardian	60	Trust Houses	13		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 37

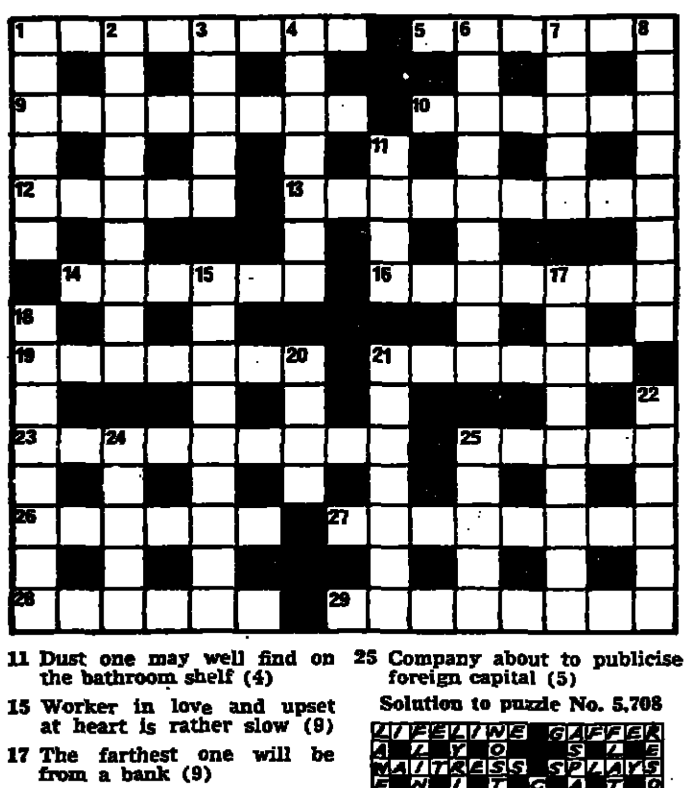
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,709



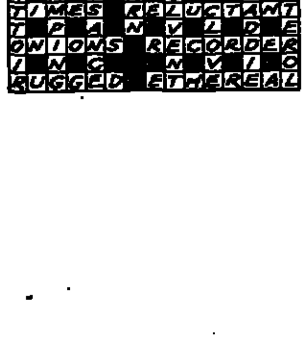
ACROSS

1, 5 A healthy comparison (2, 3, 2, 1, 6)
9, 10 Commons won't accommodate these wild flowers (5, 3, 6)
12 A month to live, perhaps (5)
13 Six men are about to question us (9)
14 Piece of music in E sharp, perhaps (6)
16 Put in a demand for medical treatment (7)
19 Set great store by (7)
21 Strangely adores mountain nymphs (6)
23 Rejecting a faulty decision? (6, 3)
25 Type of song not to miss? (5)
26, 27 Professional footballer returned to his trade (4, 2, 8)
28, 29 Not a private correspondent, it seems (6, 8)

DOWN

1 A past love, far from extinguished (6)
2 Unusually soft, hairy shrub (9)
3 Discrimination makes sense (5)
4 Screen I wrenched open (7)
6 An item in a lifeless form (9)
7 Energy needed for a sales campaign (5)
8 Part of New York set aside perhaps (4, 4)
11 Dust one may well find on the bathroom shelf (4)
15 Worker in love and upset at heart is rather slow (9)
17 The farthest one will be from a bank (9)
18 Like a chubby child that's high-spirited? (8)
20 Designer employed in radio research (4)
21 Concluded with variety act in current production (3-4)
22 Search for one drink after another (6)
24 Healing substitute? (5)
25 Company about to publicise foreign capital (5)

Solution to puzzle No. 5,708



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

World Wide Growth Management

10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.04		−0.16	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.

10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.8	13.4		0.00
Chinese Fund	59.5	62.0		0.00
Precious Metal Fund	69.5	72.4		0.00
Vanguard Cmdy. Fd.	19.3	19.8		0.00
Financial Futures Fd.	31.6	33.8		—

Yamaichi Dynamic Mngt Co SA

10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		$8.57	+0.14	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.81	9.57	14.25	6mth
7-day Fnd	13.15	9.85	14.65	6mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.91	9.65	14.26	6-Mth
7-day Fund	12.65	9.46	13.97	6-Mth
Dollar	7.25	—	—	6-Mth
Money Mngt. Acct.	12.50	9.34	14.05	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	12.50	9.34	14.03	Qtr
Mth. Int. Chq.	12.375	9.25	14.05	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc	12.05	9.00	13.40	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies 29 Finsbury Circus, EC2M 5QL. 01-558 2777				
Cater Allen	12.25	9.16	13.64	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	13.79	Mth
U S. Dollar	8.00	6.98	8.30	Mth
German Marks	5.0	4.73	5.12	Mth
Swiss francs	3.00	1.50	3.02	Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank Cheque & Save 78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.75	9.53	14.37	Qtr
Henderson/Bank of Scotland 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.05	9.00	13.40	Mth
Lombard North Central PLC 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.875	9.62	13.748	—
M & G/Kleinwort Benson 91-99 New London Rd, Chelmsford. 0245 51651				
H I C.A.	12.26	9.16	13.66	Daily
Midland Bank plc PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Choulartons) 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	13.00	9.72	14.80	Mth
Save & Prosper/Robert Fleming 28 Western Rd, Romford RM1 3LB. 0708 66966				
H.I.B.A.	12.04	9.00	12.85	Daily
Tyndall & Co 29-33 Princess Victoria St, Bristol. 0272 732241				
Demand Acc	12.51	9.35	14.04	Qtr
Money Acc.	12.542	9.375	14.08	Qtr
J. Henry Schroder Wagg & Co Ltd Enterprise House, Portsmouth 0705 827733				
Special Acc.	12.25	9.16	13.90	Mth
Over £10,000	12.50	9.34	14.19	Mth

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

Supply squeeze lifts copper

BY JOHN EDWARDS, COMMODITIES EDITOR

THE HIGHER grade copper cash price jumped by £73.5 to £1,277.5 a tonne yesterday on the London Metal Exchange as the "squeeze" on available supplies tightened with a vengeance.

Dealers said there were signs of some panic buying by the trade, which had thought the supply situation was getting easier. Now the forecast is that the cash price premium could widen to £100 over the three months' quotation, which was £25 up at £1,203.5, reflecting the decline in sterling and the dramatic cash price increase.

The steady decline in stocks held in LME warehouses in recent months pushed the cash price to a premium early in April, but so far the higher values have failed to attract much extra supply.

A supply shortage and the threat of a strike by Cominco workers in British Colombia boosted lead and zinc values.

Tin prices also moved up, in spite of a sharp overnight decline in the Kuala Lumpur market. Substantial support buying by the buffer stock of the International Tin Council emerged for the first time for several weeks and standard grade cash tin closed £44 up £9,444 a tonne.

The buffer stock tactics in allowing tin prices in Malaysia to fall so far below the International Tin Agreement "floor" of M$29.15 a kilo has puzzled London traders and inevitably triggered off fresh rumours that funds are being exhausted. It is thought the buffer stock may have been reluctant to buy too much at the beginning of the export quota month, when miners step up their offerings in Kuala Lumpur.

Wong Sulong writes from Kuala Lumpur: The Straits tin price on the Kuala Lumpur market dropped by 31 cents to M$27.49 a kilo—the lowest level for eight years. Offerings jumped to a total of 706 tonnes, but U.S. and Japanese buyers, as well as local traders, bought about 60 per cent, attracted by the low price.

Zimbabwe prepares for beef exports to the EEC

BY A CORRESPONDENT

ZIMBABWE is set to export beef to the EEC this year. for the first time.

The country hopes to send as much as 8,100 tonnes to Europe, providing Community vets are satisfied that foot and mouth disease has ben eradicated from all livestock.

The deal represents a major success for Zimbabwe's agriculturalists, who have spent the past four years trying to meet high EEC standards. The drive to improve the health of cattle has involved wide-scale fencing programmes to isolate meat-giving livestock from the disease, at at estimated cost of $Z11m (£5.8m).

To curb the disease, Senator Denis Norman, the Agriculture Minister, authorised the culling of some 280 buffalo, provoking an outcry from environmentalists over the methods used.

A further $Z3m, was spent on building new abbatoirs throughout the country in order to meet EEC regulations on refrigeration and slaughtering.

In spite of the outlay, the favourable prices of the EEC are worth U.S.$50-70m to Zimbabwe — three and a half times more than the country would raise in any other market. Senator Norman said: "We have worked extremely hard on this deal.

"I am confident we will get a clean bill of health, and then we can start exporting at the end of September. I am also confident that we will be able to fulfill our quota of 8,100 tonnes by the end of this year."

Zimbabwe already exports beef to European countries such as Spain, Switzerland and West Germany,

Sterling boosts cocoa and coffee prices

By Our Commodities Staff

LONDON'S sterling-priced soft (non-metal) commodity markets moved higher yesterday helped by the downturn in the UK currency. Sugar futures, which are dollar-denominated, fell back quite sharply.

Supported by talk of frosts in non-coffee areas of Brazil, the July coffee quotation ended the day £28.50 higher at £2,187 a tonne. Some traders thought the frost reports were premature but others said they could not be ignored. The reports were probably responsible for some protective covering and speculative buying, they said.

Cocoa futures continued Wednesday's late rally, which was triggered by suggestions that the market had become oversold in the recent sustained decline to seven-month lows.

The July position gained £19 to £1,839 a tonne but with supplies plentiful and physical demand still slack few dealers were forecasting a substantial price recovery.

● EEC SUGAR export authorisations at yesterday's tender, which included the new supplementary series, contained no surprises, London sugar traders said.

Both results were much as expected, although the European Commission authorised a larger tonnage on the supplementary tender than on the old series.

The new tender for July-September licences saw 35,750 tonnes of whites authorised, with subsidies of up to 43.606 European currency units per 100 kilos, while the old campaign involved 28,000 tonnes of whites with a maximum subsidy of ECU 44.109.

With 3,000 tonnes of raws authorised for export the old series of a ECU 40.51 subsidy, export allocations totalled 66,750 tonnes. The expected level was about 60,000 tonnes.

● FRENCH SUGAR Market Intervention Board has raised its estimate of 1985-86 EEC beet sugar output to 11.73m tonnes from 11.67m forecast a month ago. Production in 1984-1985 was 12.19m tonnes.

Nancy Dunne on Congressional efforts to protect agricultural earnings

U.S. searches for a compromise farm Bill

THE REAGAN Administration's 1985 Farm Bill is dead. Even Mr John Block, the U.S. Agriculture Secretary admits its passing.

But still alive and kicking is its central proposition that would make U.S. farm exports competitive again by lowering the loan rates which serve as price supports. The threat which that implies to the European Community, which might have to pay increased export subsidies to sell its grain surplus, shows no sign of going away.

What Congress has not accepted from Mr Block is a sudden, sharp shredding of the farm safety net at a time when 93,000 producers are near bankruptcy, 100,000 more are in deep trouble and about 500,000 family farmers are watching the value of their assets decline.

In spite of the welter of farm Bills under consideration, some consensus has been reached on three points enunciated on Tuesday in Senate committee hearings by Mr Marvin Duncan, vice-president of the Kansas City Federal Reserve Bank. These are:

● A Bill alone cannot solve the nation's farm problem. Interest rates and the dollar must come down through the reduction of the budget deficit.

● Lower loan rates are critical in sending important signals to foreign producers and buyers as well as U.S. farmers.

● New agricultural legislation must spend public funds more effectively and contribute to reducing the budget deficit.

For the time being, the Congressional agriculture committees are biding their time, awaiting the outcome of the budget battle before they seriously start writing new Bills. Legislators are not going to abandon their constituents by volunteering the farmers for cuts not ordained in the budget, and once they get down to business, they will have an eye on the 1986 Congressional elections when Republicans could lose control of the Senate through defeats of a few key farm state senators.

In the House and the Senate they will search for the means to protect farmers' income, keeping in mind the threat of a presidential veto if they do not find a cheap way to do it.

Mor and more, there is talk of directing income protection to the middle-sized "family farmer." One proposal is to maintain subsidies provided through "target prices," but capping them at $25,000 (£20,500) per farmer to prevent the large producers from walking off with the bulk of government assistance as they have so often in the past.

There is also talk of capping the non recourse price support loans available to farmers each year. Mr Block wanted to abolish this system whereby farmers can forfeit their crops to government reserves instead of repaying loans made to them at harvest time from public funds.

Also under consideration is a multi-year land retirement programme, recommended by Mr Duncan, which could remove 25m acres of marginal land from production and stem the slide in land values.

Attention is also being focused on legislation proposed by Senator Jesse Helms, chairman of the Senate Agricultural Committee.

His Bill would reduce commodity price supports but less drastically than the Administration has proposed. It contains a strong export provision, mandating an export payment-in-kind provision which would give U.S. customers "bonuses" from government surplus stocks.

It would also exempt agricultural products exported under Agriculture Department programmes from the Cargo Preference Bill which requires half of government-backed grain to be shipped on U.S. vessels, and it puts some $1bn over the next six years to be allocated to export credit or guarantee programmes.

Unlike the Reagan plan, which would dismantle the peanut programme, Sen Helms would retain the system of peanut quotas and price supports for domestic production plus lower supports and no quotas for exported peanuts. He would freeze the present sugar price support programme but lower milk price supports.

Under the Administration proposal, the U.S. would have phased-out acreage reduction programmes. There is opposition in both houses to curbing U.S. production while competitors increase theirs. However, set-aside programmes may be maintained in some form for conservation purposes.

Proposals have also been introduced for a two-tier farm programme, which would keep domestic prices higher than export prices. This, according to Mr Gene Moos, House agriculture committee aide, was tried and failed in the early 1970s.

Whatever Bill ultimately gets past the threat of a presidential veto will give U.S. farmers "a different signal," Mr Moos said. They will no longer be planting fence post to fence post to feed the world.

Non-quota coffee sales cut after ICO ruling

SALES by exporting members of the International Coffee Organisation (CO) to importing countries who are not members have fallen sharply recently, according to London traders.

This follows the ICO's adoption last month of a resolution under which exporters are required not to make sales to non-members on or after April 22 at prices below those charges to members for the same type of coffee. Producer offers to non-members have effectively ceased, though some sales to non-members are being made via the second-hand market, traders said.

Central American producers were said to have stopped offering to non-members. The most significant exporters to non-members are Costa Rica, Honduras, Guatemala and Mexico. Brazil and Colombia were also said to be making no offers to non-members. Brazilian non-member exports were 1.17 bags in October-March this season, against 7.74m to members, while Colombia's were 319,000 against 4.58m.

Indonesia, which sold 1.23m bags to non-members and members in October/March, was said to have closed export registrations to non-members.

Mr Dharyono Kertosastra, chairman of the Indonesian Coffee Exporters' Association, was quoted as saying his organisation had asked the government to consider leaving the ICO, whose decision on export prices to non-members he called unrealistic.

London traders yesterday doubted Indonesia would leave It would still face keen competition from other ICO producers in non-member markets, they said.

Many exporters face debt problems and a pressing need for foreign exchange. Pressure to sell to non-members will remain, therefore, particularly on those members, of which Indonesia is one, who feel their ICO quota does not adequately reflect the size of their crop.

But no exporter is keen to be the first to resume sales and they are likely to play a waiting game, they added. Reuter

Poultry import curb urged

BY ANDREW GOWERS

BRITISH POULTRY farmers and processors yesterday renewed their pressure for protection against imports from other EEC countries, calling for a strict limitation on the number of ports through which poultrymeat is allowed to be imported.

Mr Maurice Stoakes, chairman of the British Poultry Federation, told its annual general meeting that the allegedly low standard of cheap poultrymeat and egg imports from the Continent was posing a threat to the industry.

"As to poultrymeat, low standards of imports give it a bad image to the British consumer at a time when on all other counts the consumption of poultrymeat is developing well," he said.

He demanded that, as with red meat, the number of ports of entry should be limited, so that poultrymeat could be more easily checked for compliance with EEC standards.

His plea was, however, rebuffed by Mrs Peggy Fenner, Parliamentary Secretary at the Agriculture Ministry.

"We have thought seriously about this, but, in fact, we do not see that there would be any advantage in so doing. We could hardly bar any port currently involved because that would be regarded as a barrier to trade."

The British Government is still smarting from the fiasco of its ban on poultrymeat imports which came to an end last September.

Biffex turnover increases

BY OUR COMMODITIES EDITOR

TURNOVER on the Baltic Freight Futures Exchange rose during the second day's trading yesterday to 193 lots, compared with 157 lots on the opening day.

Mr Paul Vogt, Biffex chairman, said he was very happy to see a rising trend. He thought interest in the market had been stimulated by the start of actual trading.

However with the Japanese on holiday this week, and Wednesday's May Day holiday restricting business, the physical market remained quiet and most of yesterday's trading volume was from local brokerage sources.

The shipping industry in general continues to take a wait-and-see attitude and it is anticipated that it may be some ime before it provides any substantial support.

Meanwhile Intex, the Bermuda-based fully-automated futures exchange, which deals solely via computers, achieved a turnover of 180 lots on its first day's trading.

The Intex ocean freight contract, which, like Biffex, is based on the Baltic Index, started trading a few hours after Biffex but didn't close until 9 pm London time.

Most of the 40 or so Intex computer screens are in New York and Chicago, with only eight in London, so it trades in line with U.S. market hours.

Virtually all the trading on Intex is believed to have come from U.S. speculative interest.

LONDON MARKETS

BASE METALS

LME prices supplied by Amalgamated Metal Trading

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	£912.5-3.5	+1.5	—
3 months	£931-.5	+2	940/926

Official closing (am): Cash £4645-50 (4490-5): three months £4585-90 (4450-5): settlement £4650 (4495). Turnover: 708 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High/Low
Cash	£1275-80	+73.5	1275/1260
Three m'nths	£1,203-4	+25	1214/1184
Cathodes Cash	1185-5	+13.5	—
Three m'nths	1185-90	+13.5	—

Official closing (am): Cash £1210-20 (1173-5): three months £1205-15 (1173-5): settlement £1220 (1194). Turnover: 32,000 tonnes. U.S. Producer prices 67.50-72.00 cents per pound.

Official closing (am): Cash £1262-3 (1203-5): three months £1211-3 (1178-9): settlement £1263 (1229).

LEAD

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	320-2	+10	328/327
3 months	£311-.5	+5.5	317/306

Official closing (am): Cash £328-9 (310.5-11): three months £314.5 (305.5-6): settlement £329 (311). Turnover: 7,600 tonnes. U.S. spot: 20-21 cents per pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	£4600-10	+20	4645/4580
3 months	£4540-50	+10	4595/4480

Official closing (am): Cash £921-2 (900-1): three months £938.6-9 (918.5-19): settlement £922 (901). Turnover: 8,275 tonnes.

TIN

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low for day
Cash	£9453-8	+50.5	—
3 months	£9440-50	+40	94455
Standard			
Cash	£9443-5	+44	9480/9440
3 months	£9430-1	+45.5	9450/9290

Official closing (am): Cash £9415-80 (9390-400): three months £9460-70 (£9390-400): settlement £9480 (9400). Official closing (am): Cash £9470-80 (9390-400): three months £9450-60 (9390-400): settlement £9480 (9400). Turnover: 2,160 tonnes. Straits tin $M27.48 kilo.

ZINC

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	£717-9	+0.5	—
3 months	£713-.5	+9.75	718/703

Official closing (am): Cash £717-9 (702-4): three months £713-4 (700-1): settlement £718 (704). Turnover: 7,275 tonnes. U.S. Prime Western: 45.00-47.50 cents per pound.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	May 2 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1150/180	+5	$1125/145
Copper			
Cash h Grade	£1277.5	+73.5	£1286.5
3 mths	£1203.5	+25.5	£1240.5
Gold troy oz	$314.25	+2.5	$323.0
Lead Cash	£321.0	+10.5	£348.5
3 mths	£311.25	5.5	£335.25
Nickel			
Free Mkt	249/278c	+5.0	240/270c
Palladium oz	$111.25	-0.50	$114.0
Platinum oz	$269.5	-5.75	$281.25
Quicksilver†	$280/290	......	$285/295
Silver troy oz	505.15p	+8.35	550.05p
3 mths	520.30p	+6.20	567.25p
Tin cash	£9444	+44	£9842.5
3 mths	£9430.5	+45.5	£9841
Tungsten	$77.70	......	$77.70
Wolfram 22 04lb	$69/72	—1	$75/78
Zinc	£718.0	+9.5	£801
3 mths	£714.0	+9.75	£733.5
Producers	$960	......	$960

	May 2 1985	+ or —	Month ago
OILS			
Coconut (Phil)	$760w	-5	$860
Palm Malayan	$700y		$635
SEEDS			
Copra Phil	$470x	-10	$505
Soyabean (U.S.)	$245.5y	+0.75	253.5
GRAINS			
Barley Fut. Sep	£96.95	+0.10	£98.75
Maize	£151.5		£151.5
Wheat Fut. July	£128.50		£124.70
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1839	+19.0	£1951.5
Coffee Ft. July	£2187	+28.5	£2214.5
Cotton A Index	66.05c	-0.85	67.75c
Gas Oil May	$216.75	-3.50	$227.5
Rubber (kilo)	66.00p	+0.5	66.0p
Sugar (raw)	$95.00x	-1.00	$106
Wooltops 64s	475p		482pkil

‡ Unquoted. w April-May. x May-June. z June. y May. † Per 76-lb flask. c Cents a pound.

GOLD

Gold rose $2½ an ounce from Wednesday's close in the London bullion market yesterday to finish at $314-314½. The metal opened at the same level and traded between a high of $314¾-315⅞ and a low of $312-312½. The firmer trend came despite a rise by the U.S. dollar as both silver and gold showed some recovery after recent losses.

GOLD BULLION (fine ounce) May 1

Close	$314-314½	(£257¼-257¾)
Opening	$314-314½	(£256¼-256¾)
M'n'g fix.	$314.25	(£256.845)
Aft'n'n fix.	$313.25	(£258.564)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$323-323½	(£265-265½)
½ Krug.	$166½-167	(£136½-137)
¼ Krug.	$85-85½	(£69¾-70¼)
1/10 Krug.	$34¾-35¼	(£28½-29)
Mapleleaf	$323¼-323¾	(£265¼-265½)
New Sov.	$74½-75	(£61-61½)
½ New Sov	$45-45½	(£37-37¼)
Old Sov.	$75½-77	(£61¾-63)
$20 Eagle	$435-475	(£356¼-389¾)
Noble Plat	$278½-282	(£230-233)

SILVER

Silver was fixed 6.35p an ounce higher for spot delivery in the London bullion market yesterday at 505.15p. U.S. cent equivalents of the fixing levels were: spot 616c. unchanged; three-month 627.5c, down 0.5c; six-month 641.3c, down 0.75c; and 12-month 671.25c, down 2.4c. The metal opened at 501-504p (614-617c) and closed at 507-510p (619-622c).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	505.15p	+6.35	506.5p	+8.5
3 months	520.30p	+6.20	522.5p	+5.2
6 months	535.30p	+6.55	—	—
12 months	562.65p	+6.0	—	—

LME—Turnover: 62 (48) lots of 10,000 oz.

Morning: Large high/low LME—cash 505.5p: three months 523-19.

FREIGHT FUTURES

The Biffex registered a gradual decline throughout the day in quiet market conditions, against a background of limited physical market activity, reports Clarkson Wolff. Trading was restricted to the first three positions, but the volume was evenly matched in both sessions. The Baltic Freight Index was down 3.5 points at 1,058.5.

	Close	High Low	Prev.
July	969/9.5	977/6.5	980/83
Oct.	1029/32	1047/27	1050/60
Jan.	1010/11	1044/10	1030/60
April	1050/100	—	1050/100
July	1100	—	1090/100
Oct.	1100/50	—	1110/40
Jan.	115080	—	1140/60
April	1280/300	—	260

Turnover: 193 (157) lots.

INDICES

FINANCIAL TIMES

May 1	April 30	M'th ago	Year ago
295.17	295.08	297.02	306.90

(Base: July 1 1952 = 100)

REUTERS

May 2	May 1	M'th ago	Year ago
1894.9	1881.5	1925.2	2000.2

(Base: September 18 1931 = 100)

MOODY'S

May 1	Apr. 30	M'th ago	Year ago
929.1	937.8	960.1	1065.6

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	May 1	Apr. 30	Month ago	Year ago
Spot	118.67	117.27	120.54	139.28
Fut.	123.37	121.72	124.25	140.25

(Base: December 31 1974 = 100)

COCOA

Futures traded over a fairly narrow range and ended the day £20 steadier on the nears with the forwards closing unchanged to a little easier, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1797-1802	+14.5	1804-1778
July	1838-1840	+19.0	1845-1818
Sept.	1829-1830	+25.5	1835-1817
Dec.	1779-1780	—6.0	1802-1780
Mar.	1778-1779	—6.5	1800-1778
May	1790-1794	+2.0	1805-1804
July	1750-1820	—10.0	—

Sales: 3,802 (5,262) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for May 1: 95.43 (97.22): five-day average for May 2: 97.16 (97.62).

SUGAR

LONDON DAILY PRICE—Raw sugar $95.00 (£77.50), down $1.00 (down 50p) a tonne for May/June delivery.

OIL

The weight of unsold May crude pushed Brent down 20c and so depressed both Gulf and African grades. After a weak start Nymex traded back up to Wednesday's close levels by noon EST. In the petroleum products market gas oil and heavy fuel prices continued to fall due to poor demand and good supply.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	27.25-27.50*	—
Arab Heavy	25.30-26.00*	—0.20
Dubai	26.00-26.05*	—0.075
Brent Blend	26.80-26.90	—0.20
W.T.I. (1pm est)	27.20-27.30*	—0.20
Forcados (Nigeria)	27.10-27.40	—0.30
Urals (cif Med)	26.75-26.90	—0.325
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	284-286	—
Gas Oil	217-219	—2
Heavy fuel oil	147-149	—2

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
May	221.00	—1.75	225.50-19.75
June	216.75	—	217.50-15.00
July	216.00	+02.5	218.50-14.25
Aug	217.50	—0.25	218.25-16.50
Sep	219.50	—0.25	220.00-18.75
Oct	221.50	—1.00	221.50
Nov	224.00	—	—

Turnover: 2452 (1871) lots of 100 tonnes.

PIGMEAT

Prices were marked higher on the opening based on firmer physicals, but towards the close all positions met selling pressure and the market closed on the lows, reports CCST Commodities.

U.S. MARKETS

PRECIOUS METALS were fractionally higher trading off financial markets rather than currencies, reports Heinold Commodies. Coffee rose moderately on technical buying and Commission House support. Aluminium advanced nominally on light speculative buying with the better undertone in other metal markets. Cocoa moved a little higher on manufacturer buying and local support after important support levels held. Coffee remained on the defesnive yielding to the pressure of local selling which touched off stop-loss selling. Sugar lost ground again on good trade selling with no buyers sharing any interest to fight the steady price erosion. Cotton weakened on trade selling as fears of low deliverable stocks appeared to abate. Heating oil opened weak, but rallied later in the day on forecasts of record low temperatures in the north. Also a technical correction in crude oil helped support the market. Soyabeans declined sharply as soya oil weakened under local and professional selling related to weaker currencies. Wheat sold off in contained liquidation of the nearby future. Maize maintained its recent pattern of steady nearby months and depressed new-crop months

NEW YORK

ALUMINIUM 40,000 lb, cents

	Close	High	Low	Prev
May	48.40	48.65	48.20	48.00
June	48.75	—	—	48.40
July	49.10	49.30	48.80	48.80
Sept.	49.90	—	—	49.60
Dec	51.10	—	—	50.80
Jan	51.50	—	—	51.20
March	52.30	—	—	52.00
May	53.10	—	—	52.80
July	53.90	—	—	53.60

COPPER 25,000 lb. cents/lb

	Close	High	Low	Prev
May	61.90	61.90	61.60	61.30
June	62.25	62.20	62.15	61.75
July	62.75	62.85	62.50	62.25

CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

OTHER MARKETS

WOOL FUTURES

HIDES

PARIS

ROTTERDAM

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up in volatile trading

The dollar rose in currency markets yesterday amid renewed expectations of furthe strong U.S. economic growth this year. This was underlined by recent statements by U.S. officials stressing that this year's economic growth targets could still be achieved. Economic statistics appear to have taken precedent over money supply fears with a weaker trend in U.S. interest rates having little effect on the dollar's performance.

Just recently the Federal Reserve Board has been keen to show its intention to meet short-term liquidity requirements although expectations of a downturn in U.S. rates over the next month have been countered to some extent by suggestions that rates are set to rise later this year. Much will depend on the success of the administration's efforts to reduce the budget deficit while an upward trend in money supply may ultimately feature once again as a dominant market factor.

Trading was rather thin after this week's holiday's in Europe and the closure of London next Monday. The dollar rose to DM 3,1730 from DM 3,1475 and SwFr 2.6600 compared with SwFr 2.6375. Against the Yen it rose to Y252.85 from Y252.75 and FFr 9.6525 from FFr 9.59. On Bank of England figures, the dollar's index rose from 148.0 to 148.4.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. April average 1.2414. Exchange rate index closed unchanged at 77.7, having touched a low of 77.2. The six months ago figure was 75.7.

Sterling suffered against a stronger dollar but the relatively high level of UK interest rates ensured a net gain on the day against major European currencies. It closed at $1.2210-1.2220 against the dollar, a loss of 20 points, but improved against the D-mark to DM 3.8750 from DM 3.85 and SwFr 3.2375 from SwFr 3.2300. Against the French franc it rose to FFr 11.75 from FFr 11.71 but eased slightly in terms of the yen to Y308.5 from Y309.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. April average 3.0856. Exchange rate index 120.7 against 123.0 six months ago.

The dollar finished firmer on the day in Frankfurt but well below the day's highs as profit taking developed in late trading. It touched a high of DM 3.1780 after a fixing level of DM 3.1560, before finishing at DM 3.1645. Hopes of continued U.S. economic expansion were seen as the dollar's principal benefactor.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.0322	+0.29	+0.37	±1.5471
Danish Krone ...	8.14104	8.06688	−0.91	−0.83	±1.6419
German D-Mark	2.24184	2.23713	−0.21	−0.13	±1.1475
French Franc ...	6.87456	6.82332	−0.75	−0.67	±1.3669
Dutch Guilder...	2.52595	2.52772	+0.07	+0.15	±1.5171
Irish Punt	0.72569	0.714742	−1.51	−1.43	±1.6673
Italian Lira	1403.49	1425.75	+1.59	+1.59	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	May 2	prev. close
£ Spot	$1.2170-1.2185	$1.2285-1.2300
1 month	0.46-0.44pm	0.48-0.43pm
3 months	1.21-1.17pm	1.20-1.17pm
12 months	2.60-2.46pm	2.48-2.41pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 2	Previous
8.30 am	77.8	77.8
9.00 am	77.8	77.8
10.00 am	77.7	77.9
11.00 am	77.6	77.9
Noon	77.5	77.9
1.00 pm	77.2	78.0
2.00 pm	77.2	77.8
3.00 pm	77.3	77.6
4.00 pm	77.7	77.7

POUND SPOT—FORWARD AGAINST POUND

May 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2076-1.2296	1.2210-1.2220	0.46-0.43c pm	4.37	1.21-1.16pm	3.88
Canada	1.6730-1.6840	1.6730-1.6780	0.48-0.38c pm	3.08	1.15-1.01pm	2.88
Nethlnd.	4.31-4.37½	4.36½-4.37½	2½-2c pm	5.66	6½-5⅞pm	5.49
Belgium	76.66-77.95	77.60-77.70	26-21c pm	3.63	67-59pm	3.25
Denmark	13.84½-13.95½	13.90½-13.93½	4⅛-3⅛ore pm	3.61	11⅛-10⅛pm	3.13
Ireland	1.2285-1.2360	1.2330-1.2340	0.20-0.03p pm	1.12	0.36pm-.06d	−0.52
W. Ger.	3.82¾-3.88	3.87-3.88	2¼-2⅛pf pm	7.16	6⅞-6⅝pm	6.85

DOLLAR SPOT—FORWARD AGAINST DOLLAR

May 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2075-1.2295	1.2210-1.2220	0.46-0.43c pm	4.37	1.21-1.16pm	3.88
Ireland†	0.9840-0.9970	0.9870-0.9885	0.32-0.22c pm	3.29	0.98-0.68pm	3.37
Canada	1.3677-1.3740	1.3720-1.3730	0.13-0.17c dis	−1.83	0.43-0.48dis	−1.85
Nethlnd.	3.5430-3.5800	3.5845-3.5855	0.39-0.35c pm	1.22	1.40-1.37pm	1.55
Belgium	63.10-63.92	63.60-63.80	6-7c dis	−1.23	15-17dis	−1.01
Denmark	11.32-11.46	11.43½-11.43¾	½-1ore dis	−0.79	2¼-2¾dis	−0.87
W. Ger.	3.1330-1.1780	3.1725-3.1735	0.75-0.70pf pm	2.74	2.25-2.20pm	2.80

MONEY MARKETS

London rates steady

Interest rates were little changed in quiet trading on the London money market yesterday. The yield curve maintained a gentle downward slope, and although dealers continue to look towards a reduction in clearing bank base rates to 12 per cent there is considerable doubt about the time scale involved. Three-month interbank traded unchanged at 12⅝-12⅝ per cent throughout, and the discount houses buying rate for three-month eligible bank bills was steady at 12 per cent.

UK clearing banks base lending rate 12½-12¾ per cent since April 19

The Bank of England forecast a market shortage of £800m, and provided total help of £709m. An early round of assistance was offered, and at that time the authorities bought £137m bills outright, by way of £26m bank bills in band 1 (up to 14 days maturity) at 12⅜ per cent; £102m bank bills in band 2 (15-33 days) at 12¼ per cent; £2m bank bills in band 3 (34-63 days) at 12¼ per per cent; and £7m bank bills in band 4 (64-91 days) at 12 per vided late assistance of £95m.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £430m, with the unwinding of repurchase agreements on bills absorbing £482m, a rise in the note circulation £40m, and bank balances below target another £100m. These factors outweighed Exchequer transactions adding £180m to liquidity.

After lunch the Bank of England bought a total of £352m bills, including £302m outright, by way of £5m bank bills in band 1 at 12⅜ per cent; £2m local authority bills in band 2 at 12¼ per cent; £63m bank bills in band 2 at 12¼ per cent; £84m bank bills in band 3 at 12⅛ per cent; and £148m bank bills in band 4 at 12 per cent. A further £50m bills were purchased for resale to the market on June 4 at 12½ per cent.

The Bank of England also procent. Further help of £125m was provided before lunch, including £60m outright, through £8m bank bills in band 1 at 12⅜ per cent; £36m bank bills in band 2 at 12¼ per cent; and £16m bank bills in band 3 at 12⅛ per cent. Another £65m bills were purchased for resale to the market on June 4 at 12½ per cent.

Asian $ (closing rates in Singapore): Short-term 8⅞-8⅝ per cent; seven days 8⅝-8½ per cent: one month 8⅝-8½ per cent; three months 8⅝-8⅞ per cent; six months 8⅞-8⅝ per cent; one year 9⅜-9⅝ per cent. Long-term Eurodollars: two years 10½-10⅝ per cent: three years 10⅞-11⅛ per cent; four years 11¼-11½ per cent; five years 11⅝-11⅞ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY RATES

May 2	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.75-5.85	10¼	2⅝-2⅜	7½-7⅝	6.21875	15¼-15⅝	8.45	12⅝-12⅞
One month	5.75-5.90	10¼-10⅞	5⅛-5⅛	7⅛-7⅝	6.21875	14¾-15⅛	9¼-9⅝	12⅝-12⅞
Two months	5.75-5.90	10¼-10⅝	—	—	—	—	—	12⅝-12⅞
Three months	5.85-6.00	10⅛-10⅞	5⅛-5¼	7-7⅛	6.28125	15-15⅝	9⅝-9½	12⅝-12⅞
Six months	5.95-6.10	10⅝-10¼	—	7-7⅛	—	—	9⅝-9⅞	12⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervervention	—	10⅛	—	6⅞	—	—	—	—

LONDON MONEY RATES

May 2 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits
Overnight	—	12-15	12¾
2 days notice	—	—	12¾
7 days or	—	—	—
7 days notice	—	12⅝-13	12¾-12⅞
One month	13-12¾	12¾-12⅞	12¾
Two months	12¾-12⅝	12⅝-12⅞	12¾
Three months	12½-12⅝	12⅝-12¾	12⅝
Six months	12⅛-12	12⅜-12⅞	12⅜
Nine months	12-11⅞	12¼-12⅜	—
One year	11⅞-11¾	12-12¼	12

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	13¼-13	—	12⅞	8.15-8.25	8⅛-8⅜	9⅞-9⅞
Two months	13¼-13	—	12¾	8.25-8.35	8⅛-8⅞	9½-9⅝
Three months	13¼-13	—	12⅝	8.35-8.45	8¼-8½	9⅝-9⅞
Six months	13-12¾	—	12½	8.6-8.7	8½-8⅝	9⅝-9¾
Nine months	12⅞-12⅝	—	12¼	9.15-9.25	—	—
One year	12¼-12¼	—	12⅛	9.35-9.45	8⅞-9⅛	9⅞-9⅞
Two years	—	11⅞	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11⅝	—	—	—	—
Five years	—	11¾	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 6 to April 2 (inclusive): 13.618 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 13½ per cent from May 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. Bank Deposit Rates for sums at seven days' notice 6.65-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9039 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent; one-three months 12⅞ per cent; three-six months 12⅞ per cent; six-nine months 12 per cent; nine-12 months 11¾ per cent. Under £100,000 11½ per cent from May 1. Deposits held under Series 6 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 2)

Three months U.S. dollars	
bid 8 5/8	offer 8 3/4

Six months U.S. dollars	
bid 8 7/8	offer 9

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9½
Fed funds	8 13/16
Fed funds at intervention	8⅞

Treasury Bills

One month	7.15
Two month	7.25
Three month	7.72
Six month	8.01
One year	8.22

Treasury Bonds

Two year	99 27/32
Three year	100 3/32
Four year	101 21/32
Five year	101 23/32
Seven year	102 22/32
10 year	99 22/32
30 year	98 22/32

FINANCIAL FUTURES

Unsettled by rumours

There was very little movement on the London International Financial Futures Exchange yesterday, with dollar and sterling denominated interest rate contracts generally finishing unchanged. The market was unsettled by rumours coming out of the U.S., which were eventually confirmed. These involved E. F. Hutton, a commission house, pleading guilty to fraud charges; the Bank of Boston cutting back on its trading in government bonds; and Wells Fargo Bank closing its London branch and a subsidiary in New York.

The market was also waiting for the weekly U.S. M1 money supply figure, amid some fairly ... estimates of the outcome. Forecasts were generally in the region of an increase of $2.5bn, but some analysts were looking for a rise of up to $10bn, which dealers said would do considerable damage to market sentiment.

Against this background there was little incentive to take a view on future trends in the dollar or U.S. interest rates. June Eurodollars opened at 91.18 and failed to reach resistance levels of around 91.22, before trading down to 91.14 ahead of the Chicago opening, on a higher Federal Funds rate in New York. The low of 91.11 was touched when rumours began to circulate about E. F. Hutton, but the contract closed unchanged at 91.14.

LONDON

EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	91.14	91.20	91.11	91.14
Sept	90.40	90.46	90.37	90.41
Dec	89.87	89.92	89.85	89.88
March	89.43	89.47	89.44	89.44
June	89.04	89.07	89.05	89.07

Est volume 4,973 (5,057)
Previous day's open int 18,619 (18,495)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	71-03	71-13	71-00	71-02
Sept	70-01	—	—	70-00

Est volume 1,403 (1,167)
Previous day's open int 2,812 (2,932)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	130.10	130.40	129.50	129.65
Sept	130.70	—	—	130.25

Est volume 254 (216)
Previous day's open int 1,184 (1,140)

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 1, 1985. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of May 1 at 11.00 a.m.
3 months: 8¾ 6 months: 9¼

ECU=$US.714886 SDR1=$US.984156
Sibor as of May 1 at 11.00 a.m.
3 months: 8 11/16 6 months: 9 3/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60
Albania	Lek	8.2281
Algeria	Dinar	5.119
Andorra	Fr. Franc	9.55
	Sp. Peseta	175.30
Angola	Kwanza	29.918
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	444.00
Australia	Dollar	1.6487
Austria	Schilling	21.742
Azores	Port. Escudo	176.00
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.55
Guam	U.S. $	1.00
Guatemala	Quetzal (o)	1.00
	Quetzal (h, l)	3.00
Guinea Bissau	Peso	147.323
Guinea Rep	Syli	25.0318
Guyana	Dollar	4.12
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
	Lempira (d)	2.55
Paraguay	Guarani (o.c.)	240.00
	Guarani (d)	499.50
Peru	Sol (o)	9056.59
Philippines	Peso	18.49
Pitcairn Is.	N.Z. Dollar	2.2086
Poland	Zloty (O) (3)	135.94
Portugal	Escudo	176.00
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	9.55

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 2.

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0 1/8	100 1/8	100 3/8	11/10	9 5/8	9.60
BankAmerica O/S 5 1/4 96	0 1/8	100	100 1/4	28/6	8.81	8.80
Bank of Montreal 5 96	0 1/8	100 1/2	100 3/4	28/7	8 3/4	8.70
Bankers Trust 5 2000	0	99 3/4	100	11/6	9.81	9.82
Bankers Trust 5 1/4 96	0 1/8	100	100 1/4	13/5	9.31	9.30
Barclays O/S Inv 5 2004	0 1/8	100 3/8	100 5/8	4/9	10 1/4	10.20
Belgium 5 2004	0 1/8	100 1/8	100 3/8	11/10	9.69	9.65
B.F.C.E. 5 1/4 99	0 1/8	100 3/8	100 5/8	13/9	10.86	10.81
B.N.P. 5 1/4 96 (July)	0 1/4	99 7/8	100 1/8	22/7	9 1/8	9.13
Chase Man'tn 5 1/4 2009	0 1/8	99 7/8	100 1/8	5/6	9.69	9.69
Citicorp O/S 5 1/4 96 Sep	0 1/8	99 7/8	100 1/8	19/12	11.19	11.19

* No information available—previous day's price.

† Only one market maker supplied a price.

OVER-THE-COUNTER

Continued from Page 34

CAPITAL MARKETS

Attention centres on non-dollar issues

BY MAGGIE URRY IN LONDON

ATTENTION in the Eurobond market continues to be centred on non-dollar denominated bonds. New issues appeared in many of the European currency bond markets yesterday, but only one, a small floating rate note, was launched in the Eurodollar sector.

Mitsubishi Finance (Hong Kong) is raising £50m through a five-year Eurosterling bond issue, led by Morgan Grenfell. The coupon was fixed at 11 per cent and issue price at par, terms considered tight by traders, who pointed out that the retail investors in this market prefer corporate names to bank borrowers.

Sterling issues are generally slow to move anyway, and this one was offered at a discount around the 1⅞ per cent total fees. The proceeds of the deal are being swapped into floating rate dollars.

Credit Suisse First Boston led a two-tranche issue for New Zealand in the European Currency Unit market. Each portion was for Ecu 100m, with maturities at five and seven years. Both deals were issued at par with the coupons set at 9¼ per cent for the shorter tranche and 9½ per cent for the longer. Coupons have been falling in this sector of the market but dealers felt that these were a fraction too low, even so. Both issues were bid well inside the 1⅞ per cent fees, and traders said the lead manager was supporting them.

The first zero coupon issue in the D-Mark Eurobond market was officially launched by Bayerische Vereinsbank, for Austria. This also came in two tranches, a 10-year and a 15-year. The 10-year deal has a DM 100m issue amount with a DM 200m redemption value giving a yield to maturity of 7.18 per cent.

The proceeds of the 15-year deal will be DM 102m and redemption DM 300m to give a yield of 7.46 per cent. Fees on the shorter part are 1⅝ per cent and 1⅞ per cent on the longer, regarded as correct for a private placement.

D-Mark seasoned bonds were firmer yesterday by around ¼ point, though buying interest remained limited in the wake of the holiday. The floating rate notes continued trading above par.

Eurodollar bonds gained around ⅜ point yesterday morning but slipped back again in the afternoon. A $50m floating rate note issue for Société Centrale de Banque came too late to trade actively. It has a 10-year life, with a put option after seven years and pays ⅛ per cent over six month London interbank offered rate. Lead manager is Société Générale.

In the Swiss franc foreign bond market trading was low yesterday with prices little changed. Crédit Suisse cut the yield for Queensland's SwFr 100m 10-year issue from the indicated 5⅝ per cent to a coupon of 5½ per cent with a 99¾ issue price. The terms are the same as for the Japan Development Bank issue.

Further credit for Saga

BY PETER MONTAGNON IN LONDON

NORWAY'S Saga Petroleum yesterday launched a $400m, 10 year credit in the Euromarkets.

The deal is designed to supplement an earlier $600m credit signed in February last year and will provide additional finance for Saga's investment in the Gullfaks phase II and Oseberg oil and gas projects in the North Sea.

Terms on the new credit are broadly the same as those on the previous deal. They involve an initial margin of ⅞ per cent, which will fall to ¾ per cent after about five years when the projects come on stream.

Citicorp is co-ordinating the new deal alongside a group of lead managers that also includes Deutsche Bank, Morgan Guaranty, Bergen Bank, Christiania Bank, Den norske Creditbank and Union Bank of Norway.

● Aegon, the Dutch insurance company, has launched a $200m five year loan facility in the Euromarkets under which it plans to raise money through the sale of Euronotes or short-term bank advances.

The facility is led by Morgan Guaranty and Amro, which are arranging a back-up facility of $100m. Terms include a facility fee of 10 basis points and a front-end fee to lead managers committing $12.5m of 6¼ points.

Drawings on the backstop will bear interest at a margin of 7½ basis points if up to half is drawn and 12½ points on larger drawings.

WEEKLY U.S. BOND YIELDS (%)

	May 1	Apr 24	1985 High	1985 Low
Composite Corp. AA	12.02	11.85	14.23	11.85
Government:				
Long-term	11.23	11.33	13.69	11.19
Intermediate	11.19	11.12	13.79	11.12
Short-term	10.11	10.08	13.22	10.03
Municipal	n/a	9.43	11.14	9.26
Industrials AAA	11.61	11.37	13.98	11.37
Industrials AA	12.05	11.88	14.13	11.86
Utilities AA	11.99	11.82	14.45	11.82
Preferred Stocks	10.88	10.53	12.17	10.53

Source: Standard & Poor's

Indices

NEW YORK-DOW JONES

	May 2	May 1	April 30	April 29	April 26	April 25	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,242.27	1,242.05	1,258.06	1,258.72	1,275.18	1,284.78	1288.36 (1/3)	1184.96 (4/1)	1298.36 (1/3/85)	41.22 (2/7/32)
Transport	577.85	571.88	573.74	578.38	588.25	582.88	636.38 (1/3)	553.83 (4/1)	636.30 (1/3/85)	12.32 (8/7/32)
Utilities	153.52	153.01	153.62	154.13	154.75	154.85	158.34 (15/4)	146.64 (4/1)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol		101.5m	111.8m	88.8m	88.6m	108.8m	—	—	—	—

	Apr 26	Apr 19	Apr 12	Year Ago (Approx)
Ind Div Yield %	4.79	4.82	4.82	4.72

STANDARD AND POORS

	May 2	May 1	April 30	April 29	April 26	April 25	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	198.81	198.32	198.94	200.74	202.35	203.07	205.15 (1/3)	182.24 (4/1)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	178.81	178.37	178.83	180.63	182.18	183.43	183.43 (25/4)	163.68 (4/1)	183.35 (13/2/85)	4.40 (1/6/32)

	May 1	April 24	April 17	Year Ago (Approx)
Ind div yield %	3.83	3.84	3.85	3.93
Ind. P/E Ratio	11.20	11.28	11.27	12.42
Long Gov Bond Yield	11.33	11.33	11.28	12.84

N.Y.S.E. ALL COMMON

May 2	May 1	April 30	April 29	1985 High	1985 Low
103.62	103.35	104.12	104.63	106.15 (25/4)	94.60 (4/1)

RISES AND FALLS

	May 1	April 30	April 29
Issues traded	1,983	1,973	1,979
Rises	549	538	423
Falls	954	964	1,081
Unchanged	480	471	475

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day
Atl Rich	6,382,300	63	− ⅛
Mobil	2,235,400	31⅜	+1
TWA	1,371,700	18⅜	−⅝
Sperry Cp	1,290,780	56⅛	+1
Amoco Corp	1,215,590	xd67	−2
ITT Corp	1,132,800	34⅜	+ ⅝
IBM	1,048,700	125½	− ⅛
Cont'l Data	1,037,500	36⅝	+1⅜
ATT	1,000,800	21⅛	+ ½
Signal	979,600	34⅝	+ ⅝

Advances 417 Declines 1,057

TORONTO

	May 2	May 1	April 30	April 29	1985 High	1985 Low
Metals & Minls	1,974.84	1,990.7	2,010.6	2,028.1	2188.7 (13/2)	1898.8 (4/1)
Composite	2,516.52	2,528.3	2,535.3	2,550.9	2602.5 (8/1)	2340.5 (8/1)
MONTREAL Portfolio	128.88	129.32	130.08	130.82	132.77 (5/3)	117.00 (4/1)

* Indicates pre-close figure

WEEKEND FT

Saturday May 4 1985

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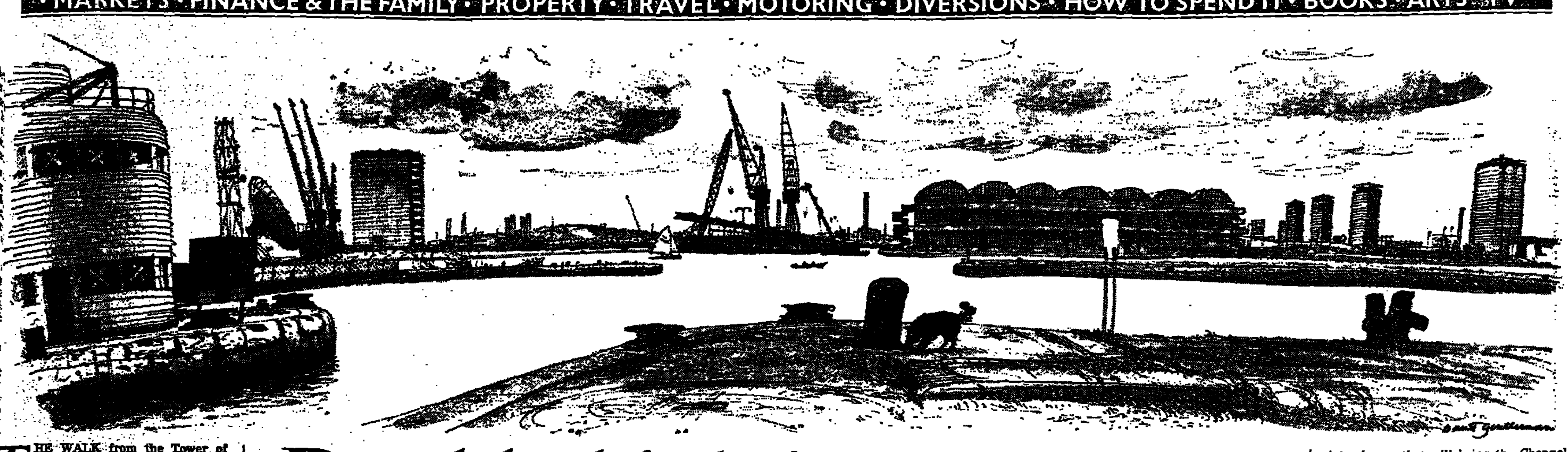


Doublethink in Dockland

By Colin Amery

THE WALK from the Tower of London to the Isle of Dogs is only a little longer than the walk from Venice's Piazzale Roma to the Arsenale. Sniff the salty air . . . and ponder the similarities. London and Venice are two great cities based on trade and water, nourished by distant empires. Both are linked small communities. Both grew as they drew their resources from the seas of the world.

The Docklands were London's last link with the sea. They grew piecemeal over generations as the estuarial marshes were excavated and drained. Peninsula by peninsula, between the giant curves of the Thames, the docks were established to match the fortunes of trade. Their names are a litany of past ports of call for the seaborne traffic of the Empire. And, like the colonies, the docks have had to go.

After being heavily scarred by the last war, the Docks and London's East End awoke in the fifties to a worrying future. Invention of the shipping container meant the end of the traditional enclosed dock surrounded by warehouses and the tangle of trades and trade unions to load and unload the ships. The tidal Thames is not deep enough for shipborne container traffic to come any closer to London than Tilbury. From the early sixties to 1981 London's docks closed one by one. In the 10 years from 1966 more than 150,000 jobs disappeared. Half the population left the eight square miles of Dockland to move to jobs in Essex and the new towns. The five London boroughs, with the GLC faced the prospects of a dying community.

The seventies saw a series of ideas to save the area and bring employment and housing but it was difficult. London has always grown westwards; money has moved there and Heathrow and the M4 were the newest magnets. A glance at the Underground map shows how cut off East London has always been; proposals to take the Jubilee Line to the Isle of Dogs never materialised. The idealistic dreams of the 1976 Docklands Strategic Study to rehouse the tower block dwellers on reclaimed land were likewise doomed.

But it would be false to say that nothing happened in Docklands in the 1970s. In 1974 the Docklands Joint Committee consisting of the GLC and the five boroughs of Newham, Tower Hamlets, Southwark, Lewisham and Greenwich was set up. The complexities of setting targets and priorities led to a London Docklands Strategic Plan. This emphasised that docklands development must be seen as a natural outflow from existing communities longing for a careful reintegration of jobs, leisure and family life — a subtle and slow process.

In 1979 the joint committee was finally given the legal powers necessary to allow it to advertise for industry. The same year, the new Conservative Government decided that more dynamic measures were necessary to change the face of Docklands and to make it the most controversial development site in Europe. The London Docklands Development Corporation (LDDC) was established in 1981 with firm Government support and the planning powers of a new town development corporation.

> **"Without a visionary approach, the new London will be about as dismal as the average suburban street."**

Michael Heseltine saw the area's plight as one opportunity to take London into the 21st century. The next few years will see how far he was right.

So far, we have seen the application of a whole range of stimulants to the dying patient. Two significant decisions are the making of the Isle of Dogs into London's only enterprise one and the signing of a contract to build the essential rail link to the City. The enterprise zone means 10 years free of rates and land taxes and 100 per cent capital allowances for developers. The LDDC carries out the necessary infrastructure work and the private sector has already been tempted to put £140m into developing industry on the "island."

But railway is the most crucial move so far. The Docklands Light Railway is a £60m development by Mowlem/GEC Rail Group and it will link Minories to the Isle of Dogs, with a more northerly line from Poplar to Bow and Stratford. The line will open in 1987 and the area will be poised to become an easterly commuter area. The LDDC is also keen on the plans of Brymon Airways to build an airstrip in the Royal Docks for short take off aircraft. This may be the key to the difficulties of developing industry on the most easterly vacant dock.

Something substantial is beginning to happen in Dockland. What is less certain is the exact form it will take. What vision supports the activity? What is the result going to look like? More jobs and houses must be a good thing — but will there be enough to sweep away the horrendous towers of the East End and make a fresh start for the children of the deprived post-war generations of Tower Hamlets and Hackney?

The vision has already been made clear. Last year the LDDC asked the Duke of Gloucester to open an exhibition of more than 100 schemes recently completed or projected for the area. The opening was a windy affair and the show was held in two well designed high-tech buildings in the West India Docks. The blurb to the show was right. It said that it aimed to show how architecture could contribute to lasting regeneration of Dockland — "an area of striking contrasts and enormous potential . . . each area has a distinctive character which new development can strengthen and enhance."

And what a paltry vision was on show! How could such architectural mediocrity and loss of nerve be the order of the Dockland day? What had happened to any sense of urban design, or landscape design? It suddenly seemed a sin to mention Venice in the same breath. This was planning replaced by opportunism, urban scale by the aesthetics of specultive housing and the ruthless lack of charm of the average industrial estate. Milton Keynes began to look beautiful.

It seems that the LDDC has no planning policy because it sees itself largely as an enabling body. Unlike the new town development corporations that actually prepared development plans, the LDDC depends on the whim of private investors. The easiest way to lure a developer is to tell him he can have exactly what he wants. This may or may not be the best thing for the area. Architects can prepare plans or win competitions but they too are at the mercy of the developer and must fight for higher standards.

Back in 1982 the LDDC produced a glossy brochure as a design guide for the Isle of Dogs. Three very high-powered gentlemen had a part in it. They were the corporation's chief architect and planners Mr Edward Hollamby, the town planning expert, Professor David Gosling, and the brilliant townscape artist, Gordon Cullen. Cullen is a brilliant visualiser and has analysed the three major visual experiences he has discovered in Dockland.

He calls them three major water experiences (something familiar to lovers of Venice) . . . enclosure, perspective and release. The old docks provided the kind of enclosure that Cullen is describing. St Katherines' still has it a little, but the best example left is the glorious Albert Dock in Liverpool. The great sense of perspective is provided by the long vista of Millwall inner dock. You look south to Glengall Bridge where so many routes on the Isle of Dogs meet, across to Greenwich—and this vista is the release.

Redevelopment of East London should be presented to the world as a great and noble prospect. The time is ripe and the architectural climate is sufficiently changed to adopt a policy of unparalleled boldness. The publicity for the new houses in the area often shows photographs of the Royal Naval College and Queen's House at Greenwich. Surely this is the wrong way round? Dockland offers the perfect opportunity to build the *new* Greenwich, the *new* Hampton Court, the *new* city on an appropriate architectural scale with a park and landscape policy to match. Withour this visionary approach the new London will be about as dismal as the average suburban street.

Back in 1943, the Abercrombie plan for London hoped that important new parks would reach the river—what happened to Mile End Park which should have hit the river at Limehouse? The three-mile brick road that runs through the Isle of Dogs has fibre optics telecommunications underneath but there is little sign of any landscaping yet. The architectural scale is established by the old warehouses and it is a mistake to replace them or contrast them with the thousands of dolls houses that developers tell us people like. "People" are seldom offered the choice of anything else.

The so-far-completed part of Heron Quays (a £50m development by Tarmac Brookglade Properties) which is described as the business heart of the Isle of Dogs is low scale, pitched roofs and red cladding. Future business developments either look small-scale high-tech or try to look like houses. The suburbanisation of Dockland looks like being the major achievement of all this investment.

What is particularly curious about the current approach to the emerging Dockland is the schizophrenic approach to development. The pioneers and later arrivals who have taken over and converted older Dock buildings have made huge amounts of money. The promising scheme for Butlers Wharf, New Concordia Wharf and Hope Sufferance Wharf and the conversion of Thames Tunnel Mills all demonstrate that scale and solidity sell—so why does the LDDC appear to favour the creation of so much new, wrongly scaled development? Why did it allow the almost total destruction of the marvellous London Docks, those great imposing piles of architecture by the designer of Dartmoor Gaol?

> **"The opportunity exists—and it is worth stating this loud and clear—to build one of the great new cities of Europe."**

The architectural scale appropriate to Docklands is clearly demonstrated by the Hawksmoor Churches, by the mighty sheer tower and strange and wonderful turrets of St George's-in-the-East, the power of St Anne's Limehouse. These were built not to the glory of the microchip but to the majesty of the skies of London.

In landscaping terms the 18th century provides the best guidance. The area is flat and dull. There is every chance to use water. There is also every chance to utilise the resources of today to landscape on a massive scale and build some hills, plant some forests and build a glorious parkway to link up with a major international transport interchange that will bring the Channel Tunnel link into East London and link up with a new airport which should still be built at Maplin. The opportunity to revolutionise the efficiency and the beauty of the capital is waiting in Dockland. But it must be seen in a wider context—as a way of building for a long term future of the whole capital.

Curiously enough, in Thatcher's Britain the major criticism that has to be applied to the LDDC is that it has not been bold enough. It has no doubt been difficult enough to achieve the results so far but it is the next few years that will really count. The opportunity exists—and it is worth stating this loud and clear—to build one of the great new cities in Europe. It is the chance that seldom comes: a place to build the finest houses, schools, hospitals, universities and all the work facilities for the 21st century. If the LDDC finds it difficult to find a *raison d'etre* for thinking on this scale then they should try to see East London as the great gateway to a Europe to which we must become more closely united. The next century, if peace prevails, offers more challenges to the human spirit than we can conceive. The vision of a society with possibly more leisure hours than working hours would be well served by a new city built to the highest standards, as a neighbour to the old city which would be so much improved by the intelligent comprehensive replanning of the *whole* city.

Development of this new city in relation to the old is vitally important. There is no doubt that planning procedures could only be improved. The future of the City of London should not be seen as something isolated from the future of the East End and the Docks. The East End of London has too long been the poor relation, often completely unknown to people who live a few miles away.

The LDDC should see its role as the think tank of the future of urban life in Europe. It is more than a grandiose estate agency doing deals and selling sites. What chance of a new Venice, a city of bold and positive beauty, designed on a scale that suits the majesty of the site? If Docklands is the biggest development opportunity in Europe let's see some ideas to match.

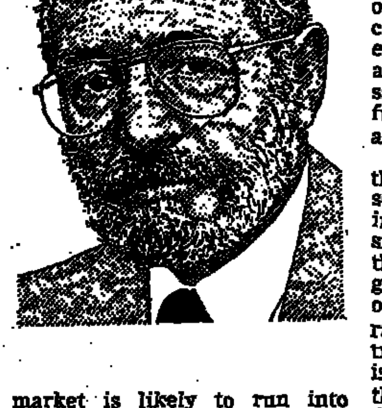
Colin Amery is the Financial Times Architecture Correspondent and was named Critic of the Year in the 1985 British Press Awards.

Illustration by David Gentleman. His new book "David Gentleman's London" was published recently by Weidenfeld and Nicolson.

The Long View

Ronald Reagan and his London bull market

The four years of Mr Reagan's policies have been good years for investors, with a huge rise in profits. The market has not been so strong in the U.S. but the dollar has made up for that, says Anthony Harris, introducing his weekly personal column



FIRST, a small, formal bow of self-introduction. For many years, one of the great pleasures of the FT was Harold Wincott's column. Nobody, alas, can bring back Harold, but the job he did still needs doing: to treat the market as part of the economy, rather than a gambler's sideshows; and as part of this treatment, to look at some fashionable market and economic doctrines; and deflate them. This will be very different from the old model; it is much shorter, and it won't be a one-man show.

We will try to follow his example in two ways, though. We won't be afraid of big, difficult themes. Harold, for example, was there to christen the cult of the equity 30 years or so ago—some would say he started it. Could it now be coming to an end? And if so, what has President Reagan got to do with it?

*

With that out of the way, let us consider President Reagan, who has come to the Bonn summit a rather diminished figure—almost down to lifesize. There is a certain amount of grim satisfaction on this side of the Atlantic over his recent troubles with Congress, his allies, and above all the U.S. economy. He has been pretty rude about us, and Europeans such as Mr Nigel Lawson and M Jacques Delors have answered back. Everyone knows the litany—a credit binge leading to unprecedented real interest rates, an economy exporting IOUs rather than goods, and a nasty last chapter about to be written. All profoundly misguided, as Mr Lawson put it.

Investors, though, should hear this kind of thing with mixed feelings. The four years of Mr Reagan's misguided policies have been good years for them, with a huge rise in profits and equity values. The market has not been so strong in the U.S. itself, it is true—but the dollar has made up for that.

If this was just a coincidence, there would be no more to say; but if Mr Reagan was the main cause of the bull market, the market is likely to run into problems just as fast as he does. There is a pretty plausible case to be made for this view, so it is worth examining.

The whole argument hinges on two propositions, and both of them look robust. The first is that interest rates cannot for long be driven above the level which private borrowers are prepared to pay on new loans. The second is that in a world of fairly free international capital movements, the expected return on capital in all markets will tend to be the same. Investors will move funds and bid-up prices as long as they see a gap.

The idea that private, rather than government, borrowing sets the sustainable level of interest rates seems at first sight to make nonsense of all the efforts made by European governments to restrict their own borrowing to get interest rates down, but there is no contradiction. The credit market is like nearly all others: raise the price and you will sell less. Credit is supplied by savers and by the rate at which bank credit can be allowed to expand.

This means that the total credit available is somewhere near fixed, and the more that governments borrow, the less is left for the private market; the rise in interest rates squeezes private demand down to match this supply. That is the justified rise; if the authorities try to push rates higher still, total available credit will not be taken up, the economy and money growth will slow down, and the authorities will be under pressure to relax. It is the interaction between Government borrowing and private demand that sets rates —not just fiscal policy, as some propaganda would suggest.

If this was the whole story, Mr Reagan's enormous deficit would have raised interest rates, certainly, but it would also have depressed private credit demand in the U.S. In fact, no such thing happened, because of the way in which taxes were cut back in 1981. The President not only cut income taxes in a way that favoured the rich (who have the greatest borrowing power), but he provided some large new tax offsets for industry, which cut the cost of borrowing to invest. So the rich borrowed more, and industry paid higher rates out of what it saved on tax, and borrowing rose.

This is where the international market comes in. When the 1981 U.S. budget pushed up both interest rates and after-tax profits, the dollar started rising, while the rise in total U.S. credit demand—an excess of spending over income—led to a huge growth in U.S. imports. Exporting to a market whose currency is rising is highly profitable. World market forces were ensuring that, in the end, investors would see much the same expected return in any national market. Thus, the 1981 U.S. Budget raised profits world-wide.

Very nice,, too if only it could last; but it can't. The Reagan deficit, as everyone including the President keeps saying, is unsustainably high, and the high dollar is squeezing U.S. farmers and industrialists; Wall Street and the dollar are now beginning to weaken. But as the whole process goes slowly into reverse, the boost to trade and profits in other countries will reverse, too. Our leaders are arguing in Bonn what, if anything, they should do about this: but investors need not wait on governments. Prudent ones will be taking some of their Reagan profits before long.

Thecase against this view puts the stress on interest rates rather than taxes or profits. An American correction, whether a recession, a successful attack on the deficit, or a tax reform which would make it more expensive to borrow, will end to abnormally high interest rates, and this will stimulate all the other economies in the world.

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CBI survey spurs index, but it could be temporary

London

AFTER weeks of trading in a narrow range the market could now be on the verge of breaking out and moving upwards—at least that is how the bulls see it. Over the week the FT All-Share index has risen more than six points to around 630—the upper limit of its recent trading pattern.

It was the strongly positive survey of business opinion by the CBI that seemed the main reason for this rise. While there are always those arguing the primacy of purely technical factors it does seem as if the improved sentiment was the main factor this time round.

However, this progress could soon be halted if the City continues to revise downwards its estimates for profits for 1985. For months the trend has been to bump up the profits expectations and in the absence of more positive signs of growth from the economy this has kept the market buoyant.

Now the forecasts are being revised down and the expectation is for profits to grow by some 10 per cent overall—a full three points lower than earlier predictions. While such a rate of growth is by no means a disaster the very fact of a shift in the forecasts in the opposite direction could hold the market back.

The news on the oil front is also not encouraging — spot prices for North Sea crude fell 40 cents over the week and it may only be the refusal of the European winter to go away that is preventing the forecast offensive against Opec's prices from taking off.

Cautious welcome

While there are many similarities between the handling of the British Aerospace offer for sale and the British Telecom flotation the fact that the offer is a secondary one aimed mainly at institutions and at a certain class of private investors means that the atmosphere surrounding it cannot be expected to be the same. The roadshows apart it is unlikely that BAe will produce the share buying euphoria that marked the closing days of the BT issue.

The market's initial response to the offer has been to give it a cautious welcome—although there is a lot of devling deep into the analysts reports to discover more about the group's long-term prospects.

BAe ended 1984 with an excess of liquid assets over borrowings of £81m. The £187m raised through the one for four equity issue which is to be made in parallel with the share offer should help fund the R. and D. bill and smooth out the cash flow curve as launch costs eat into earnings.

Shining Tarmac

Aggregates are not everyone's idea of a glamorous business but the performance of Tarmac over the last three years has surely given even the coarsest of stones some shine to them. So far this year the shares have put on 100p, taking them up to new—although not as yet totally uncharted—heights.

Once the shares are priced issue it may be that they will be seen as still cheap enough to justify a rise into the 300p region. All of this depends on the group not having recourse to any major rights issue over the coming year. This would help win shareholders' confidence already bolstered by this year's above forecast dividend increase.

Central to earnings growth has to be the exploitation of the greatly expanded U.S. businesses and the UK housing side. With potential turnover of $240m, the U.S. combined operations should see $24m pretax (and pre-interest) profits in 1985. Housing completions at home are expected to reach 8,250—here the firming of prices should again keep growth on track although a repeat of 1984's 50 per cent rise in this division is unlikely.

The plan to float off part of Plascom, in the oil and gas division, which is expected to raise £8m in early summer, will not affect the market's judgment much—except to reassure those who would prefer Tarmac to stick to what its good at that the group is heeding the message.

The Haden bid

Trafalgar House shocked quite a few people when it made its bid for Haden—not the least displeased were the management of the target who had just come through a tricky reorganisation programme putting their house in order and building up a sizable order book.

The upshot was a spirited defence document which won general praise throughout the construction industry. Even competitors seemed saddened by the prospect of losing the engineering group from the lists.

The only question for Haden was how to escape from such unwelcome approaches. Enter the wise men from Schroders, some of whom may have been visiting the U.S. over the past year and picked up on the management buy-out fashion (and perhaps even brought a poison pill or two back in their duty free) that has swept Wall Street.

The impact on the share price of the original bid might have been defence enough in the old days—and then the logic would have been for the situation players to take their profits and move on. Most analysts viewed the company as overrated on a multiple of 10 anyway.

Then came the management buyout announcement. Clearly the top executives having brought the company through its trials were keen to have a chance to run with the ball—rather than have it taken off them just as they had got it back into play.

Seeing its influence as likely to diminish in the event of the scheme succeeding the market decided that it was due a premium and promptly put 22p on the already bloated price.

Or maybe this is just the market's way of saying that it doesn't really want the management plan to go through either. After all the conversion of Haden into a company where the preference share tail wags the ordinary share dog may not be the kind of capital structure many would like to see—although 120p extra a share will be a serious persuader.

Yesterday Trafalgar surprised again by announcing somewhat prematurely its interim results. Profits before tax were ahead strongly—although the share price move was only modest. Also announced was an extension of the offer for Haden along with the news that acceptances so far had been less than 20,000 shares or just over 0.1 per cent of the target's equity. This gives Trafalgar 5.12 per cent of Haden. One purpose in bringing forward the interims has to be to give Trafalgar a freer hand to consider making Trafalgar another offer—equally Trafalgar will want to study the details of the 360p a share consortium management buyout scheme.

Meanwhile back at Kleinwort, Benson (financial advisers to Trafalgar) the thinking caps are reported to have been put back on again as the £175m rights issue proceeds are beginning to burn a hole in Trafalgar's corporate pocket.

Avoiding risks

The Euromarket has responded very favourably to Lloyds Bank's perpetual floating rate nore issue. Started at $400m it was quickly boosted to $600m and yesterday raised again to $750m.

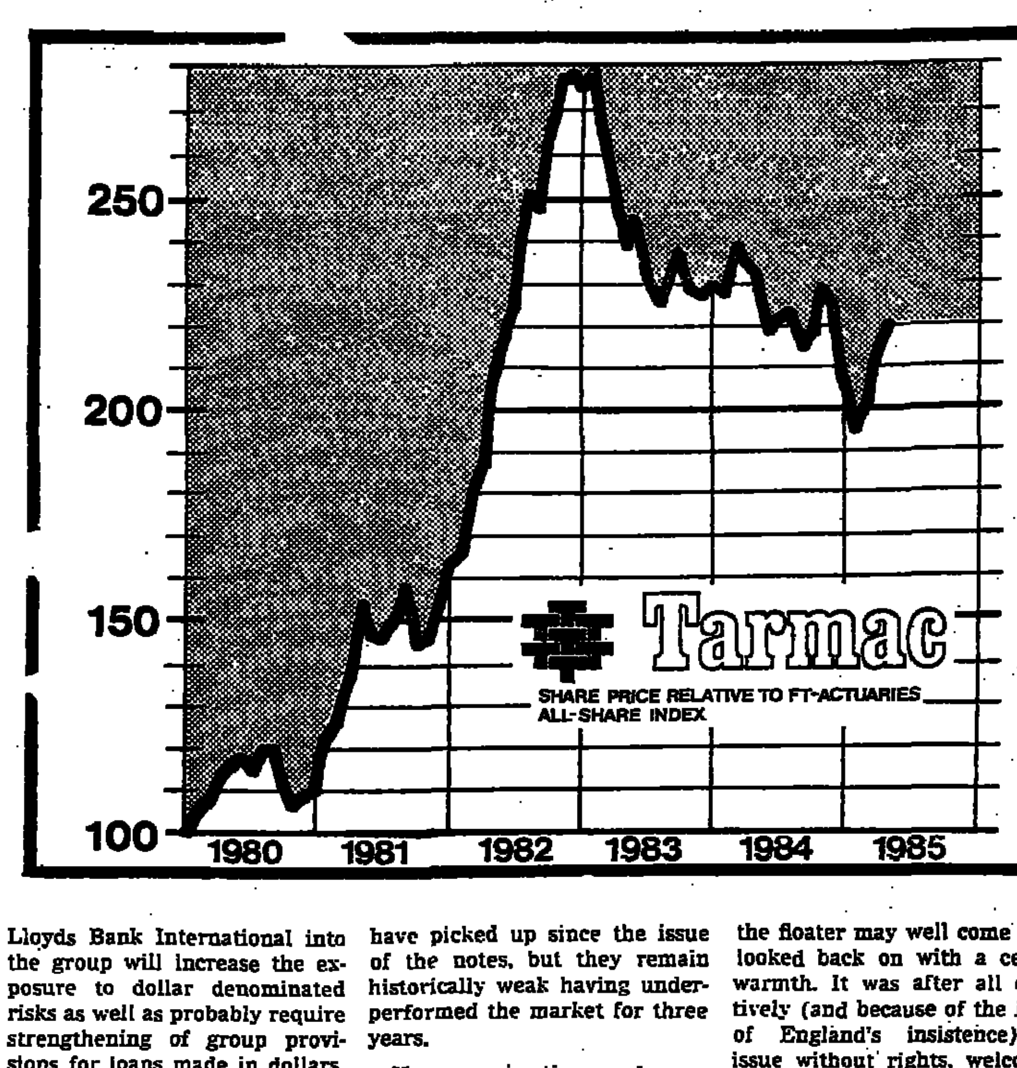
Some in the market have been a little surprised by the issuing of the notes at all having calculated that Lloyds was within the Bank of England's capital ratio guidelines issued in November and therefore would not have any need to raise further equity.

The real answer as to why the floater could well turn out to be a piece of well-timed housekeeping is that the pinning of the increasing book of dollar assets can be done in dollars and exchange risks thereby avoided. The integration of Lloyds Bank International into the group will increase the exposure to dollar denominated risks as well as probably require strengthening of group provisions for loans made in dollars.

As the first floater of its kind, this issue is hard for the stock market to assess. Lloyds' shares have picked up since the issue of the notes, but they remain historically weak having underperformed the market for three years.

However, in time and once the bank's management convinces the market that it can cope with the unified structure, the floater may well come to be looked back on with a certain warmth. It was after all effectively (and because of the Bank of England's insistence) an issue without rights, welcomed by those who didn't want an issue in the first place.

Terry Povey



MARKET HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985 High	1985 Low	
F.T. Ord. Index	959.9	+19.0	1,024.5	928.7	Optimistic CBI survey on economy
F.T. Gold Mines Index	483.3	−37.9	536.9	439.5	Bullion easier on firm dollar
BAT Inds.	313	−20	386	308	Adverse U.S. influences
Bass	545	+25	547	472	Revived institutional demand
British Syphon	156	+21	156	97	Annual results and scrip issue
Burmah Oil	238xd	+23	238	200	Revived bid speculation
Carpets Intnl.	73	+10½	75½	30	Persistent bid speculation
Firstland Oil & Gas	240	+54	240	115	U.S. exploration hopes
Lloyds Bank	580	+38	608	518	U.S. $ boom floating rate loan
Owen Owen	210xd	+23	360	178	Speculative bid hopes
Planet Group	106	+22	106	61	Bid from Heywood Williams
Redfearn Natl. Glass	90	+12	95	65	Revived bid speculation
Sainsbury (J.)	348	+20	348	286	Annual results due shortly
Shiloh	70	+27	80	35	Results well above market estimates
Sons of Gwalia	108	−17	126	58	Profit-taking
Sun (UK) Royalty	170	+45	170	100	Rumoured North Sea oil find
Thorn EMI	455	+38	484	395	Persistent demand arouses bid talk
Unigroup	42	+16	42	20½	Messrs Goodman and Miller acq. 12.9%
Vaal Reefs	£76¾	−4¾	£85½	£66¾	Labour unrest at mining complex
Wadkin	130	−12	148	110	Poor annual results

Buy yourself onto the treadmill

USM

USM entrants, beware! The City will conspire against you to make it a costly business. First, pressure will be put on you to hire an expensive London firm rather than a local one that already knows your business. Once in the City's clutches charges are likely to be inflated by needless duplication of effort, and your business passed on from banker to lawyer eager to do one another a favour.

Moreover, there is no assurance that you will be buying the best advice. Brokers tend to price the shares too low to ensure that a fat profit is made by the market. And as if that wasn't bad enough, once on the USM, you are likely to find yourself on the treadmill with further pressure exerted to strive towards the additional expense of a full listing.

Many of these charges have been bubbling under the surface since the USM began. But they were brought out into the open this week after the release of a draft speech written by Mr Warner Tayler, managing director of Air Call—the first company to join the USM—for a conference arranged by Business Research International on Tuesday.

Mr Tayler is particularly worried that the rising costs of joining the USM are going to hamper the market's development, and send potential entrants to the cheaper over the counter market. Businesses should not have to go to the City to get a USM quote, he argues, and "the layers upon layers of extra people who are now needed to bring a company to market make one feel outnumbered." When Air Call came to market in 1980 it cost some £75,000. Mr Tayler estimates it would now cost about £250,000.

But rising costs don't as yet seem to be stemming the stream of companies joining the USM; and a straw poll of 10 companies taken at random from the 400 odd companies that have followed Air Call to the market suggests that more are inclined to praise than criticise those City institutions that helped them get a quote.

"A year ago I didn't know anything about the City," admits Anthony Martinez, Chairman of Microvitec, which came to market last May. "We appointed a firm of merchant bankers (Hill Samuel) to advise us who we feel did an excellent job."

There does, however, seem to be a good deal of pressure being put on companies to choose large firms of City auditors and solicitors, although it is still possible to manage a successful entry to the USM by using smaller local firms.

"Firms who could do a perfectly competent job aren't allowed to try," comments Hugh Sykes, chairman of Thermal Scientific. "There's the City network—and it's hard for those outside to receive the degree of respect from those who are part of it."

And what about costs? Although the fees attached to coming to the USM vary enormously, depending on whether the company is brought via an introduction, a placing or an offer for sale, and on whether a merchant bank is involved, most companies seem to think they are getting value for money.

At one end of the scale is Merrydown Wine which managed to get a quote for a total sum of £5,000 four years ago. Needless to say, its directors are not grumbling about costs.

Merrydown joined the market via an introduction, a route which is only open to companies which already have at least 10 per cent of their shares held by the public. It is the cheapest way in; because it does not involve the sale of shares, the huge expense of issuing a prospectus is avoided.

And as Merrydown was already traded under rule 162 (3) the bulk of the legal and accounting work has already been done.

"We are inclined to be DIY people. But there was also an element of luck involved in our cheap entry," says chairman Ian Howie. At that time the stock exchange was getting worried about the sagging number of companies joining the USM, and agreed to waive its nine month rule, which states that the latest set of audited results must be no more than nine months old. Merrydown, which was just over the limit, was allowed to go ahead with little more than an updated Extel Card.

Four years later such low fees look extraordinary. Firms now seeking an introduction to the USM can expect to pay closer to £50,000.

At the other extreme is Microvitec who joined via an offer for sale which cost about £380,000. The company had taken the precaution of agreeing the costs with each of the firms involved in advance; in the event none exceeded their budget, and Microvitec felt that it had done well.

Other companies have been frustrated at the huge amount of seemingly unproductive work that goes into a USM quote, the great amount of time that it takes (beween 3 and 9 months), and the unexpectedly high fees.

In spite of the fact that the shares sometimes leap to a large premium over the issue price as soon as dealings begin, companies seem reluctant to admit that their shares have been sold off too cheaply. Instead they point out how difficult it is to get the price right, and are willing to acknowledge the need of the underwriters to make a profit.

Lucy Kellaway

RESULTS DUE NEXT WEEK

Stores in the limelight

THREE OF Britain's largest retailers show their financial wares to the world next week.

Marks and Spencer should on Tuesday reveal sales of more than £3bn for the first time — perhaps hitting £3.25bn for the year to the end of March, making an annual increase of 14 per cent. But pre-tax profits growth is expected to be more modest — maybe 10-12 per cent up to between £305m-£310m.

However, within these figures M&S will be able to show that a much stronger second half followed a dull first six months, and there may be signs that the improvement is still there in the opening weeks of 1985-86.

It suffered last year as many of its more fashion-conscious women customers turned away to buy clothes elsewhere, notably at J. Hepworth's Next chain. This year's St Michael ranges are said to be brighter — but it will be too early to judge the results.

Meanwhile, if M&S was caught on the hop in womenswear, it is well ahead of the game in other departments — profits from menswear, food, homeware and footwear should all show good improvements.

But across the Atlantic, M&S has still not got right its Canadian stores after years of trying — dollar profits will be down on the previous year.

British Home Stores, which releases results for the year to the end of March on Tuesday, is in the middle of a costly programme of refurbishing stores which is likely to go on for a few years yet.

Inevitably, falling interest receipts and higher depreciation charges are holding back profits growth, at least in the short-term. The pre-tax total for last year is likely to be 8-9 per cent higher at about £60m (£55.2m).

Like M&S, BHS should have seen a much better second half, with sales particularly strong in the Christmas period. The group is also achieving better margins by stocking the shelves with more expensive housewares and foods to replace less profitable lines.

Debenhams, one of the stock market's favourite tave-over tips, tries to concentrate City minds on its results instead on Thursday.

Pre-tax profits for the year to the end of January, excluding property sales and other non-trading items, should be up to about £41m (£35.5m). But the overall group advance will encompass a mixed bag of performances from individual companies, some outstanding, others frankly indifferent.

There will be good results from fast-growing Welbeck Finance, now contributing almost half of group profits, and from the revitalised footwear activities. But, in the department stores, the two businesses in which Harris Queensway has bought stakes — furnishings and Greens Leisure Centres — are taking longer to turn around than expected.

However, other department store activities should show better profits, largely as a result of tighter cost control, rather than any great increases in turnover.

This year is supposed to be the one when the long awaited recovery in UK composite insurance companies finally starts. However, it is almost certain that there will be no evidence of any such recovery when Royal Insurance reports its first quarter results on Thursday.

The most optimistic analysts do not expect Royal to do any better than last year's first quarter pre-tax loss of £20m, while the more pessimistic expect losses to be at least double.

Underwriting losses could be at least one-third higher at around £135m with U.S. losses rising by a quarter to £75m, due more to the weakness of sterling than to any further deterioration in this already very weak insurance market.

Canadian losses are likely to double to £18m as that market copes with the new environment created by recent Court decisions and Australia is expected to return to losses as a result of floods and bush-fires in Queensland and New South Wales.

The market expects UK losses to be around last year's £25m level, and Royal says it has been hit hard by this past winter as in 1984.

The only bright spot is a one-fifth rise in investment income to £90m thanks mainly to sterling's weakness. The market will have to look to the second half for the recovery.

Whether **Royal Bank of Scotland** will manage to improve on the remarkably good second half of 1984 when it announces its interims on Thursday is a moot point. However the City is unanimous in expecting a large improvement over the £54m earned in the first half of last year, and is looking for something between £70m and £78m pre-tax.

Earnings per share may show only a modest advance, as a result of a rising tax charge (which could be as much as 50 per cent) and the one-for-four rights issue last January.

Provisions for bad debts should be up from about £17m a year ago to around £20m, although remaining roughly constant as a proportion of the loan book.

Some increase in the dividend, perhaps by as much as 12 per cent can be expected, as the Bank still perceives itself to be vulnerable to a takeover bid.

The market has discounted a good set of profits from the Bank and the shares have been strong performers in the last some profit taking after the results are announced.

Contributors:

Lucy Kellaway

Eric Short

Stefan Wagstyl

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Ambrose Investment Trust	Tuesday	3.0	5.4	3.0
Billam J.	Tuesday	1.4	1.4	1.4
British Home Stores	Tuesday	1.75	4.75	1.75
Charterhall PLC	Monday	0.3	0.6	0.6
City of Oxford Trust	Wednesday	2.0	4.1	2.5
Clive Discount Holdings	Tuesday	1.4	2.2	1.4
Cluff Oil	Wednesday	—	—	—
Costain Group PLC	Wednesday	6.0	8.0	—
Debenhams	Thursday	2.2	5.3	2.5
European Ferries Group	Wednesday	1.1	—	—
Executex Clothes	Tuesday	—	86.0	—
External Investment Trust	Wednesday	5.0	5.75	5.5
Garnar Booth	Tuesday	2.65	4.85	2.95
G. T. Dollar Fund	Wednesday	0.15	—	0.02
Holt Joseph	Wednesday	3.0	—	—
King & Shaxson	Thursday	2.5	5.75	2.5
Lee Cooper	Tuesday	—	—	—
London Park Hotels	Wednesday	3.15	4.23	3.15
Lyle Shipping PLC	Tuesday	2.0	—	—
Marks and Spencer	Tuesday	4.2	—	1.08
Miles 33	Wednesday	—	2.5	—
Palma Group	Tuesday	0.75	—	—
Paul Michael Leisurewear	Tuesday	—	—	—
Silentnight Holdings	Wednesday	1.0	1.75	1.75
Scottish Northern Investments Trust	Friday	2.12	0.3	0.96

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
Smith & Nephew	Tuesday	2.58	1.4	—
TDS Circuits	Thursday	—	—	2.0
Warrington (Thomas) & Sons	Friday	1.75	4.41	1.75
UEI	Thursday	2.0	3.25	2.0
Usher Walker	Tuesday	1.65	3.85	—
INTERIM FIGURES				
AE PLC	Thursday	1.75	2.5	
Akroyd & Smithers	Tuesday	4.0	12.5	
Barton Transport PLC	Tuesday	—	—	
Castle (G.B.)	Thursday	1.12	1.78	
Circaprint Holdings	Friday	—	0.7	
Concentric	Tuesday	1.27	2.21	
Marine Adventure Sailing Trust	Wednesday	—	—	
Philips Lamp	Wednesday	0.60	1.40	
Royal Bank of Scotland	Thursday	3.3	5.2	
Royal Insurance	Thursday	8.75	15.0	
Save & Prosper Return of Assets	Thursday	—	—	
Stakis	Thursday	1.0	2.0	
Tyne Tees Television	Tuesday	—	—	
Valin Pollen	Wednesday	0.6	1.4	
Vaux Group	Thursday	3.4	6.655	
Warner Estates	Friday	3.0		
Winterbottom Energy Trust	Tuesday	0.5		

* Dividends are shown net pence per share and are adjus[illegible] vening scrip issue.

COMPANY NEWS SUMMARY

Take-over bids and deals

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Adams & Gibbon	240*	244	234	4.32	Keep Trust
Allied Textile	476	485	430	43.18	London & Midlnd
Anvil Pet	60	55	50	9.66	Berkeley Expln
ASR Hldgs	450*	445	365	9.00	Minet Intl
Bonusbond¶	31§	33	23	1.08	Promotions Hse
Brown (Matthew)	449§§	375	323	101.38	Scot & Newcastle
Cartwright R.	130½§	178	107	8.76	Henderson Group
Cole Group	161§ §§	178	122	4.83	Moss (Robert)
Dunlop	24	66	31	34.52	BTR
Enery Services	91	99	67	34.26	Peek Hldgs
Foster Bros	228§	226	228	106.78	Sears Hldgs
Haden	240*	358	232	37.18	Trafalgar House
House of Fraser	400*§	396	346	430.92	Al Fayed Inv & Trust (UK)
Hurst (Charles)	200*§	193	190	4.32	Garvagh Secs
Imed Business Sys	40*	38	40	5.40	Weelaborator Intl
Ingall	80*	107	73	7.30	Gt Midland Co-op
Ingall	106*	107	90	9.58	House of Fraser
Initial¶	555§ §§	540	533	303.80	BET
Jackson J. & H. B.	116§§	122	84	27.52	Williams Hldgs
Manor National	11½	10½	13	2.00	Bramall (C. D.)
MFI	292½	291	258	576.20	Assoc Dairies
MJI	18½	17½	15	4.14	Leigh Interests
Muirhead	170	186	148	14.46	RHP
Petrolex	84	80	81	13.12	Saxon Oil
Planet Group	113	106	88††	11.31	Heywd Williams
Routledge & Kegan Paul¶	394§§	370	283	4.49	Assoc Book
Selincourt	34	31½	28½	17.60	Stormgard
Solicitors Law	36	37	37	4.14	Hollis Bros
Solicitors Law	35*§	37	41	4.03	Pergamon
Times Veneer	20*§	46	49	1.41	CDI Hldgs
Trident Computer	80½	75	70	2.01	Park Place
UBM	193§§	192	159††	113.95	Norcros
Waring & Gillow	160*	148	155	24.96	Hopecastle
Westland	150*	143	140	88.90	Bristow Rotocraft
Yorkgreen	15	13	10	1.66	Talbex Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 3 1985. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Aberdeen Const	Dec	4,860	(5,240)	16.6	(19.3)	7.25	(6.5)
Allebone	Dec	730	(404)	1.5	(1.0)	7.3	(5.1)
Assam Dooars	Dec	401	(182)	31.3	(6.3)	9.0	(4.5)
Barham	Jan	582	(230)L	25.8	(24.8)	6.0	(—)
Brit Syphon	Dec	1,070	(412)	7.5	(3.1)	3.0	(1.0)
Dan Air	Dec	3,110	(4,310)	36.6	(38.6)	7.0	(7.0)
Edin Oil & Gas	Dec	2,080L	(1,020)L	19.6	(10.4)	0.15	(0.15)
Farnell	Feb	20,290	(15,790)	9.1	(6.6)	1.8	(1.5)
Flight Refuel	Dec	10,500	(7,560)	14.6	(12.6)	2.025	(2.5)
Foseco Minsep	Dec	34,500	(20,659)	23.7	(12.9)	8.2	(7.35)
French Kier	Dec	16,350	(14,330)	18.7	(17.3)	6.15	(5.6)
J. J. & D. Frost	Dec	1,040	(831)	7.2	(6.7)	3.5	(2.3)
Geers Gross	Dec	1,820	(1,250)	10.6	(7.1)	2.0	(2.0)
GEV	Feb	385	(307)	15.6	(12.3)	5.0	(4.5)
[illegible]	Dec	1,630	(1,350)	3.4	(4.4)	1.16	(0.84)
[illegible]	Dec	35	(49)	37.0	(44.1)	15.0	(15.0)
[illegible]	Dec	183	(165)	3.4	(3.0)	1.95	(1.75)
Holt Lloyd	Dec	6,240	(4,240)	7.1	(6.3)	3.75	(3.17)
Hopkinsons	Jan	5,830	(5,020)	22.2	(17.9)	5.35	(4.28)
Hunting Ass	Dec	5,910	(5,890)	39.0	(30.3)	7.0	(6.5)
Inchcape	Dec	78,900	(53,000)	29.1	(13.3)	18.15	(18.15)
Wm Jacks	Jan	413	(350)	3.6	(3.1)	1.0	(0.7)
FJC Lilley	Jan	7,490	(13,850)	7.4	(11.5)	3.64	(3.64)
Ldn & United	Dec	6,190	(5,220)	27.2	(24.4)	13.0	(12.0)
Maclellan	Dec	531	(412)	4.9	(5.0)	1.7	(1.6)
Marshalls	Dec	1,600	(981)	3.5	(2.1)	2.0	(—)
Minet Hldgs	Dec	23,300	(20,439)	—	(—)	6.23	(5.19)
More O'Ferrall	Dec	2,200	(2,197)	5.8	(7.0)	3.4	(3.3)
John Mowlem	Dec	11,100	(10,100)	28.7	(27.0)	11.93	(11.2)
Nimslo	Dec†	2,870L	(13,640)L	‡2.8	(12.6)	—	(—)
Norman Hay	Dec	577	(605)	7.8	(8.3)	3.753	(3.565)
Nurdin & P'cock	Dec	13,160	(12,000)	13.8	(13.8)	4.2	(3.57)
Polymark	Dec	16L	(310)L	9.4	(14.2)	—	(—)
PSM	Dec	2,550	(1,060)	14.5	(6.4)	3.15	(—)
Ramco	Dec	910	(847)	4.0	(4.1)	0.7	(—)
Raybeck	Jan	1,170L	(1,210)	3.8	(2.4)	0.25	(0.5)
Richards (Leics)	Dec	459L	(262)L	20.8	(4.2)	—	(—)
Roberts Adlard	Dec	1,170	(1,190)	13.8	(14.1)	6.0	(6.0)
Rush & Tomkins	Dec	3,050	(2,950)	22.6	(21.9)	7.65	(7.25)
Shiloh	Mar	417	(126)	14.0	(3.9)	2.0	(1.73)
Simon Enging	Dec	25,620	(21,720)	27.6	(26.8)	8.0	(7.0)
Singapore Para	Dec	466	(275)	1.9	(1.4)	1.1	(0.8)
J. W. Spear	Dec	858	(239)	11.0	(3.2)	4.0	(1.0)
Spong	Dec	271	(36)	1.3	(0.3)	0.1	(—)
Sunlight Servs	Dec	4,370	(3,553)	22.1	(17.0)	8.05	(7.0)
Tarmac	Dec	109,600	(89,600)	51.6	(48.5)	16.0	(13.6)
Towles	Dec	580	(246)	15.0	(11.5)	2.9	(2.4)
Wadkin	Dec	47	(373)	0.8	(7.4)	3.0	(3.0)
Wemyss Inv Tst	Dec	300¶	(246)¶	13.3	(10.9)	8.0	(20.0)
Wingate Prop	Dec	500	(737)	4.0	(3.8)	1.7	(1.5)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Bellway	Jan	680	(1,170)	3.0	(3.0)
Cosalt	Feb	249	(135)L	0.75	(0.25)
Gibbons, S.	Dec	194	(—)	—	(—)
GR Holdings	Dec	1,190	(820)	1.6	(1.6)
Jessups	Feb	435	(403)	1.25	(1.0)
Midsummer Inns	Mar	111	(25)¶	—	(—)
Peters Stores	Dec	276L	(64)L	0.5	(1.0)
Simpson, S.	June	1,250	(594)	1.5	(1.5)
United Wire Grp	Mar	1,370	(842)	3.0	(2.2)

(Figures in parentheses are for the corresponding period)
* Dividends are shown net except where otherwise stated.
† Figures in $US. ¶ Profits after tax. ‡ Cents per share. L Loss.

Issue News

Allebone—Raising £1.38m via a rights issue of 1.45m, 8.75 per cent convertible cumulative redeemable preference shares of 100p at par on the basis of one for every five ordinary.

American Electronic Components—Offer for sale 10m shares at 20p to raise £20m.

Coloroll Group—Offer for sale 13.5m shares at 135p to raise £8.4m net.

Martin Currie—Offering 12m shares at 100p each.

Cannon St. Inv.—Offer for sale 1.1m convertible preference shares to raise £1.1m.

London and Edinburgh Trust—Raising £13.9m via a rights issue of 14.4m, 6.5 per cent convertible preference shares.

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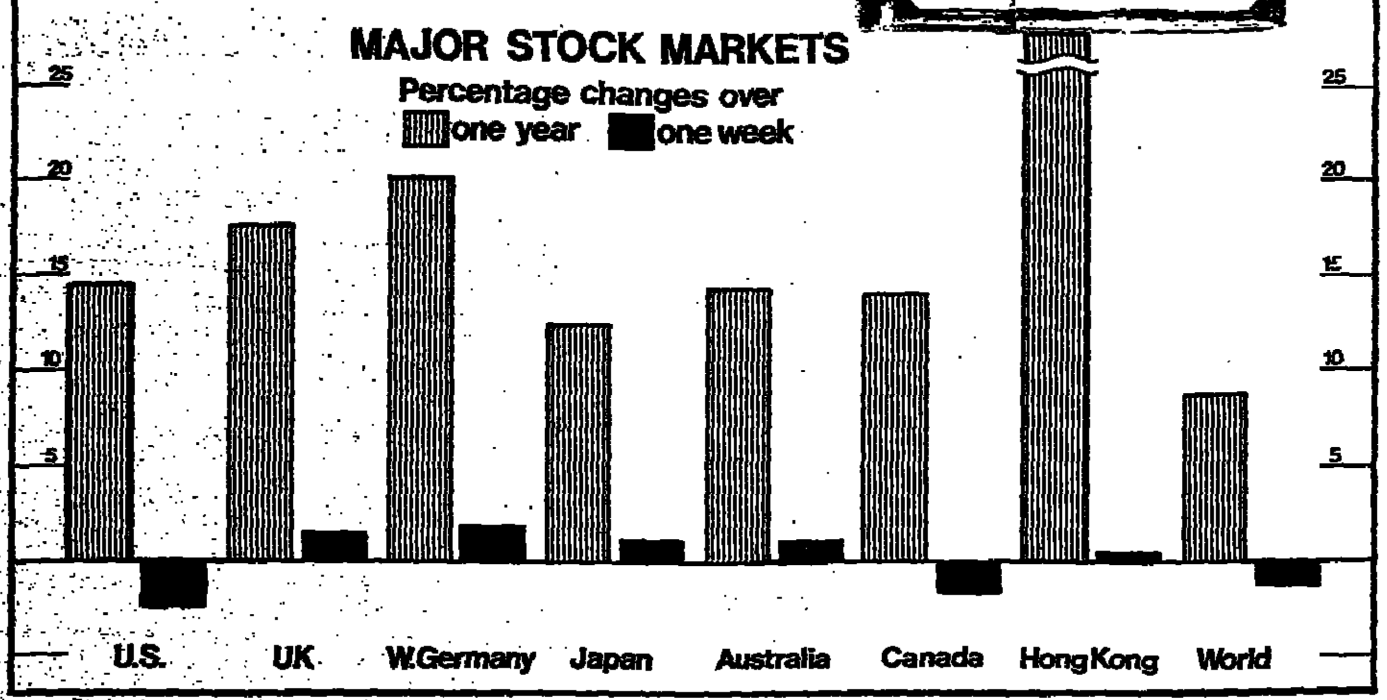


Prepare to meet 1990, says Sir Alistair

Mining

WHEN the near-term outlook is cloudy there is a lot to be said for looking further ahead, hopefully to blue skies. Mr Julian Ogilvie Thompson did it last week in his first annual statement as chairman of De Beers and now we have Sir Alistair Frame, who has just taken over the helm at Rio Tinto-Zinc, doing it, too.

His sights are set on a much longer range, to the early 1990s in fact. By then, and in some instances sooner, "the capacity to supply most metals will be back in broad balance with demand for the first time since the early 1970s," he has said in the RTZ annual report this week.

Coming from a man who two years ago feared that over-production in copper was an endemic disease — "bubonic plague" was mentioned—from which the patient might never fully recover, this suggests a subtle change in thinking.

So does his further comment that because of the long lead time of anything up to 10 years for major new mines to reach the production stage, "decisions must be made within the next year or so for the next generation of successful mining projects."

Sir Alistair Frame is no starry-eyed optimist, but a down-to-earth Scottish engineer who did not come up the easy way. His comment that "the mining industry's longer term outlook is much brighter," is based on some sound reasoning.

Firstly, demand for metals continuing to grow, even if prices are held in check by excess production capacity. Secondly, this excess capacity is being steadily eroded by the normal exhaustion of many existing mines while investment in new ones has dwindled to a trickle.

His words make a marked change to what we have been hearing in recent times from other majors in the mining industry, particularly in North America, where minds have been more concentrated on survival or, at best, the opening up of only the smaller good grade mineral deposits which can be turned to account quickly at relatively small cost.

Unlike many other natural resource groups RTZ with its wide spread of interests is still earning good money and is thus in a position to pick up some bargain offers of proven mining deposits.

Nor is it averse to considering starting off on major new ventures, but it is not going to leap in and will expect to enter them on a partnership basis as it did back in the 1960s and 1970s. In the meantime, it intends to expand the industrial and oil and gas interests to further balance its activities.

As far as the group's earnings outlook for this year is concerned, the industrial interests should again do better but cannot be expected to maintain the pace of recent years, while conditions are expected to remain difficult in the energy sector although oil and gas interests "should continue to progress."

It is generally reckoned that at least some metal prices may improve this year and so, overall, RTZ should see a further rise in earnings and dividend. What remains to be seen is to what extent any further fall in the U.S. dollar will reduce these earnings when they are changed into sterling. For the time being the shares rate as a "hold" but maybe not a "buy."

While Sir Alistair has been confidently looking forward to the long term, some of the less fortunate North American mining groups have been generating a little more hope for the current year. To some extent this is based on the lower value of the U.S. dollar which points to rather better metal prices for them.

Amax has reported a further loss of $35.3m (£29.2m) for the first quarter, but this is not so bad as the loss of $53m before write-downs in the previous three months. Before tax and the crippling interest charges, an increased operating profit of $23.2m has reversed last year's falling trend and the company hopes to repay a further $500m debt by the end of next year. At end-1984 total debt was $1.6bn.

Moving on to South Africa, the warning given here last week that some tough bargaining can be expected in the annual wage negotiations for both white and black mineworkers has been underlined by severe outbreaks of unrest at the gold mines.

Disputes over various grievances have resulted in Vaal Reefs sacking 14,400 black workers, mostly at the South division which provides royalty income for Southvaal, while Hartebeestfontein has dismissed some 2,200 men.

These are big mines and the loss of production at Vaal Reefs up to last weekend when the men were dismissed amounted to one tonne of gold; the loss of profits is not covered by insurance. Vaal Reefs has said that the dismissals were made to prevent further disorder and possible violence. The company is prepared to take men back, but will choose those it wants.

The central issue is the resentment felt by black workers at not being allowed to carry out the more responsible and higher paid jobs which are reserved for whites. This barrier to black advancement has always been staunchly defended by the white union on grounds of job security for its members.

Whether the current wage negotiations can devise some method of overcoming this barrier remains to be seen. At all events the general situation is very uneasy and one way or another will be costly to resolve. It will probably lead to a harder look being taken at increased mechanisation possibilities in this labour intensive industry.

Kenneth Marston

Wall Street glimpses the noose

New York

POOR President Reagan. Only a month or so ago, he was being feted like a hero by the New York Stock Exchange, graciously accepting the plaudits for the economic recovery which has lined Wall Street's pockets so abundantly. This week he is being blamed for all manner of ills. The market is suffering, we are told, partly because he seems to have lost his magic touch—an undeniable fact after the battering his public image has taken over his plans to visit the Bitburg War cemetary in West Germany.

If the President can blunder so badly over the organisation of a foreign trip, what hope has he of jostling Congress into compromise on the budget cuts everyone insists are now necessary?

Not much, says Wall Street, which is becoming increasingly obsessed by the "knock-on deficit" theory—that is, that the Budget deficit is causing high funding costs, which in turn is attracting foreign money into the dollar, thus holding the U.S. currency up and causing much suffering and grief among uncompetitive U.S. corporations.

Economists have been taking some comfort from the decline of the dollar since the beginning of March, amounting to more than 16 per cent against sterling and over 11 per cent against the D-mark.

Even so, analysts this week have been showing signs of panic over their early year profits forecasts, scaling many of them back, progressively, despite several corporate predictions of a better second half. First Boston, for example, is now expecting a virtually flat profits performance for the current quarter.

This wave of pessimism, though by no means universal, hit the blue chip cyclical stocks particularly hard. Computer shares came under pressure, with digital equipment knocked below $100, and IBM the bellweather of bellweathers, trading steadily down: it has now lost well over $12 from its peak of $138½, and is standing on a relatively modest price-earnings ratio of 12.

The motor company shares were hit for a similar reason. General Motors is trading almost $20 below its 12 month peak of $85, and at present levels has a p/e of 5 and a yield of 7.5 per cent. These are hardly growth stock rations—significantly, they look very much like those currently being sported by Consolidated Edison, the electrical company which figures as a widows' and orphans' yield stock.

A less predictable depressant on prices was Wall Street's sudden reaction to fears of cancer-related legal action against the tobacco giants. In the past few months, the tobacco companies have been on most brokers' buy lists because they are not particularly vulnerable to foreign competition, and therefore have some "price flexibility" (Wall Streetese for saying they can put their prices up).

The cancer law suits scare has been around for some time, while the possibility that the tobacco companies could be hit for product liability is a long way down an extremely tortuous legal road. But there is nothing like the hangman's noose to concentrate the mind, and Wall Street has caught a glimpse of it because two suits are due to come up this summer.

The effect of this fright was pretty dramatic last Tuesday. Shares in Philip Morris fell by $5⅛ to $85¾, while R. J. Reynolds also plunged by $5 to $77¾. While several brokers are still bullish enough to see these declines as a buy opportunity, Paine Webber downgraded the stocks from a buy to a hold.

The cumulative impact of this pressure on the leading stocks was to knock the Dow Jones Industrial Average back down to levels last seen when the January bull market was getting into its stride. On Monday and Wednesday, the plunge in the index was as big as anything seen since last November.

Wall Street would not be what it is, of course, without its perennial optimists, and many brokers see this fall as a necessary precursor to clear the decks for a new assault on the 1,300 barrier—the stock market's equivalent to the North Face of the Eiger.

Yet it is worth pointing out that the decline would have been even deeper if it had not been for some exceptional activity in the influential oil stocks. Atlantic Richfield's dramatic plan to cut its costs and drive up its share price with the combination of an aggressive $4bn share buy-back and increased dividend payments had the desired effect.

It carried the shares up by around $10 on the week, pushing the price $14 above the level of only a fortnight ago. As a result the group is now valued by the market at around $15bn, making it look substantially less vulnerable to the Wall Street raiders than it was in the middle of last month, when market capitalisation stood at just $11.6bn.

Monday	1,259.72	−15
Tuesday	1,258.06	−1
Wednesday	1,242.05	−16
Thursday	1,242.27	+0

Terry Dodswor[th]

When to switch from green to amber

Toronto

THE GRADUAL retreat of Toronto share prices from the record levels reached on April 26 has reinforced an increasingly cautious mood among Canada's investment community. Philip Heitner, portfolio strategist for the securities firm Nesbitt Thomson Bongard, says he is advising stock market investors to switch "from green to amber." Another respected market-watcher, Gerry Reid of Gardiner Watson, adds: "Our view has been for quite a long time that stocks are not all that cheap."

The downturn in share prices has so far been modest, with the TSE 300 composite index slipping by about 3 per cent in the past 10 days from its peak of 2,669. Furthermore, the brunt of the decline has been borne by a handful of sectors—gold mines, cigarette-makers (casualties of new legal threats by North American anti-smoking groups) and some high-tech companies.

If the analysts are right, the stagnation could spread. Although economists have recently revised upwards their estimates of Canada's 1985 growth rate (to a range of 3-4 per cent in real terms), the stock market may begin reflecting expectations of slower business growth in 1986

The downward trend in Canadian interest rates since mid-1984 might be ending. Banks have lowered their prime lending rate from 13.5 per cent to 10.75 per cent in the past nine months, but the general view is that strong demand for funds from the Government, and the pull of U.S. financial markets, will prevent Canadian rates dropping much further this year.

Canadian corporate profits are still advancing fairly strongly but, judging by the performance of some blue-chip share prices, investors are looking further ahead. According to a recent survey by the Financial Post of Canada, net income of 100 large public companies was on average 21 per cent higher in the first quarter of this year than in January-March 1984. First-quarter margins widened from 4.2 per cent to 4.6 per cent.

Northern Telecom, the telecommunications equipment manufacturer, lifted net income by 47 per cent in the first quarter, but its share price now is languishing at around C$46.50, well below its peak of C$55. Steelmakers' share prices have also dropped back significantly. Other weak sectors have included transport equipment and cement producers.

On the other hand, investors' opinion of integrated oil companies and some financial institutitons has remained high, providing much of the impetus for the TSE's advance earlier this year.

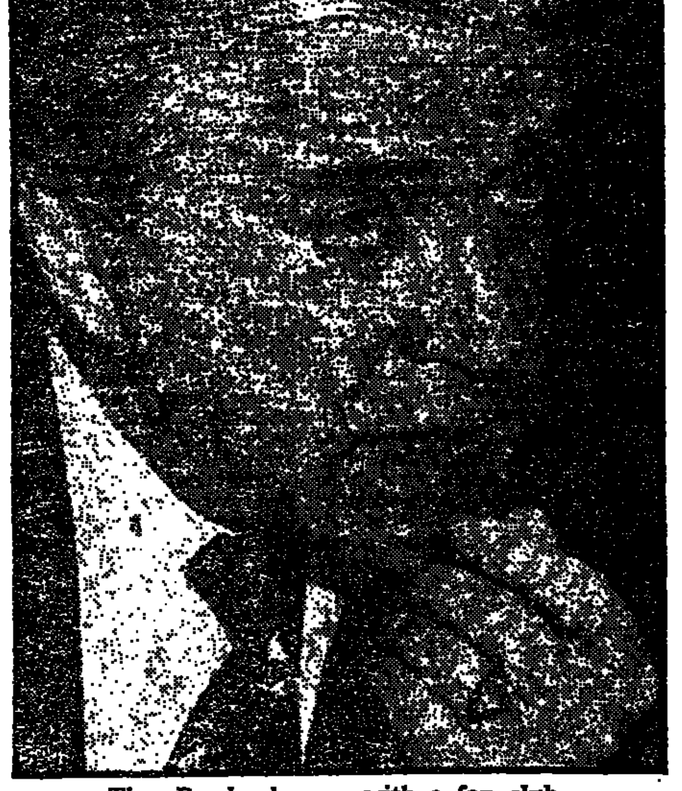
Despite the fall in world energy prices, analysts continue to recommend the shares of several Canadian oil companies. Texaco had no trouble in March finding buyers for 20 per cent of its Canadian subsidiary. The sale brought in almost half a billion dollars.

Rumours of a big oil find in Alberta doubled the share price of some junior oil companies during April, but the main attraction of the oil sector is the Federal Government's new energy policy which includes tax cuts and decontrol of domestic oil prices. Deregulation will give producers a higher return on oil discovered before 1974, accounting in some cases for more than half of total output.

The new energy policy is especially good news for Dome Petroleum, the debt-burdened Calgary oil and gas producer. Dome's share price has moved up by about 50 per cent since a debt rescheduling agreement was signed in February, and the company is going ahead with a C$100m international share offering, according to one of the underwriters, "there's been good demand for the issue." He adds, however, that the company will not raise the amount of the issue, describing it as a morale boosting rather than a strictly fund-raising exercise.

Bernard Sim[on]

All for the corporate love of Lonrho



Tiny Rowland, man with a fan club

Shares

YOU DON'T have to spend long at the Lonrho annual general meeting to know that you are in the company of enthusiasts.

In the packed ballroom of London's Grosvenor House Hotel, a month ago, 1,200 shareholders applauded wildly as the chairman, Sir Edward du Cann, chronicled Lonrho's year. They booed and heckled as a single shareholder — the only dissenting voice—spoke up against the company's policies.

It seemed clear that Lonrho's shareholders were firmly in favour of its management, especially of its colourful chief executive, Tiny Rowland.

Financial institutions have often found the company, which Edward Heath once called "the unacceptable face of capitalism" too much to stomach. Why then have private investors bought Lonrho shares so eagerly?

"I read about it in the papers, and I like Tiny Rowland," said Elizabeth Allingham, who started investing when she was 19, in an era when you could not legally own shares until you were 21. She now owns shares in more than 100 different companies. "I haven't met Mr Rowland," she says, "but I got a personal letter back when I wrote to him."

"It's the dividends and Mr Rowland," says Mike Roberts, an engineer who first bought Lonrho shares in 1975 and has added to his stake several times since. "It pays a damn good dividend and there's still capital appreciating."

The shares have doubled in value since Mike Roberts started buying. With Lonrho now paying a dividend of 8 per cent gross on its current share price, his total holding yields him a 13 per cent return on the original investment.

Despite the lack of dissent in the formal company meeting, shareholders were not all enthusiastic about Lonrho's drawn-out battle to take over the House of Fraser group, with its flagship, Harrods.

"Thank God they didn't buy Harrods," said Henry Bellwood. "Where would they get the money from?"

He has bought and sold parcels of Lonrho shares for some years, looking for short term capital gains. He has held his present stake for only a few weeks, and expects not to keep it for many more.

Mike Roberts said: "I am a fan of Mr Rowland but his logic is not always my logic. House of Fraser was a complete and utter nonsense."

Elizabeth Allingham backed the board all the way through. She says she was upset that Lonrho was obstructed by the Monopolies and Mergers Commission, when the winning bidders, the al Fayed brothers, of Egypt, were not. Even if she no longer thought the shares were good value, she would stick with the company.

A conglomerate as diverse as Lonrho has wide business interests and many of its customers have reinforced their business relationship by buying shares in the company.

"I used to do business with Pollards. They became something else and finally came into Lonrho," recalls Albert Slesinger. "That's how I ended up with Lonrho."

Michael Stevens was general manager of Moore Street Motors, a Volkswagen/Audi dealer, when Lonrho took over from Thomas Tilling the import franchise for these cars. "I thought, I fall by them, so let's buy some shares," he says, and remains loyal despite changing job. "I would stay with them now, partly because of Mr Rowland—though he wasn't a factor when I originally invested."

Close analysis of Lonrho's profits and turnover doesn't play much part in the decision for most shareholders. "Obviously you form an opinion on the figures," said one investor, "but it's impossible for an individual private shareholder to get very much enlightenment from a company balance sheet."

For most, a feeling for the style of the company seems to be more important. That is certainly the case with H. Heatley, a sprightly 83-year-old who might be called Lonrho's most convinced shareholder: he sold all his other holdings 10 years ago, and now owns nothing but Lonrho.

"They're go-getters, they're producers," he said. "I associated go-getting with myself. I was always more interested in making things than in the money at the end."

Heatley now owns 19,500 Lonrho shares, and although he is pleased when his dividends arrive, he takes little interest in price movements on the Stock Exchange. "I'm quite happy to hold my Lonrho till I snuff it."

● *Some names have been altered to protect the identity of shareholders.*

George Graham

Full credit to the Co-op

Banking

YOU CAN get a credit card from Marks and Spencer, and soon you will be able to cash a cheque at a Midland Bank outlet in Tesco; but what of the grandaddy of in-store banking, the Co-op Bank, which has been in the game for 60 years, and already has 4,000 outlets in stores?

The Co-op has been a full member of the banks' clearing system for 10 years now; but it still works in different ways, and offers different services to its banking customers.

Free banking for customers who remain in credit on their current accounts was a Co-op initiative — one that has been followed by such banks as the Royal Bank of Scotland, Yorkshire Bank and the Midland. With its Cheque and Save account, it became the first clearing bank to pay interest on credit balances in a current account.

On these pages two weeks ago, we showed the interest paid or charges deducted by various accounts for different sizes of average balance. The table showed the Co-op among the less attractive bargains, both for those who keep an average of £250 in their accounts but never dip below £100, and for those whose average balance is £1,000 but who are occasionally overdrawn.

The figures made no distinction between the two main Co-op accounts, the free current account and the interest-paying Cheque and Save. In fact, Save and Prosper — which compiled the table—used the Cheque and Save tariff but reverted to the current account when the balance dipped into the red.

This shows the Co-op's service in the worst possible light, and highlights the need to choose the right bank account for your own needs.

In the first case, where your average balance is £250 you would be better off with the Co-op's ordinary current account. Your charges for six months of banking would then be nil, in common with several other banks, and not £15.00 as the table showed.

The £15 charge—a flat rate of £2.50 a month—is levied on the Cheque and Save. This account is quite unsuitable for those whose average balance is only £250, since it starts to pay interest only when your balance is over £500.

In the other example shown, where the average balance is £1,000 the Cheque and Save would be appropriate. Because this example dips into the red occasionally, Save and Prosper calculated the charges on it at £32.40 — the current account tariff of 36p per each transaction throughout the period—and did not credit interest on balances.

Cheque and Save is not designed for those who are going to run an overdraft, and the Co-op would normally convert your account to an ordinary current account if you were consistently in debit.

The Co-op says it operates a safety net procedure to prevent this happening after occasional lapses. A £1 overdraft, as in our example, would be caught by this safety net, and the customer would benefit from interest totalling £27.82 after deducting the normal monthly charge of £2.50.

This net return would have put the Co-op account into third place behind the Save and Prosper Classic and the Bristol and West Moneylink accounts, instead of in 14th position.

There are two lessons to be drawn from this. First, make sure you pick the right bank account for your own needs—one that suits your pattern of income and spending. It is not worth opting for an interest-paying account, which will usually have a high monthly charge, if your normal bank balance will not produce enough interest to make it worthwhile.

Second, argue with your bank manager if you slip a few pounds into the red for only a day or two, and he starts levying charges. There may be a safety net mechanism, as in this case. If there is not, managers usually have some discretion to waive charges for minor lapses. This tactic has succeeded at the TSB and the Midland, and could well work with other banks. Try it on yours.

George Graham

Punters' choice: Derby thrills—or tax-free profits from gold, cocoa or currencies bets

Budget blow for bookmakers

Futures

NIGEL LAWSON and his Treasury mandarins may not have realised it, but one of the less publicised changes in his recent Budget dealt a blow to those bookmakers who have been trying to move up-market into some of the more arcane regions of finance.

Until last month, if you wanted to play the commodity markets or the sterling-dollar exchange rate, the only sensible place to go was to a bookmaker. If you tried to do what the professionals do, by buying or selling futures contracts, the lion's share of any money you made would probably be snapped up by the taxman applying the dreaded Schedule D, Case VI, of income tax. And if you suffered losses, they could not be offset against anything else.

By contrast, if you dressed up your deals in the legal form of a bet, all your profits would be tax-free. To meet the demand for such a service, three bookmakers started to take bets on everything from the price of gold or coca to a variety of currency rates. The most popular bets of all have been those on the FT Ordinary (30-share) index and other stock market indices.

In the Budget last March, however, the Chancellor announced that tax rules on dealing in commodity and financial futures would be liberalised. Since April 6, the profits of non-professional traders, after adjustment for inflation, have been subject onl yto Capital Gains Tax (CGT). Losses are offsettable against other capital gains.

This means that few small investors are likely ever to have to pay tax on the profits they make in the futures markets.

Firstly, they enjoy an annual exemption from CGT on the first £5,900 of their gains. Secondly, the gains on any positions held for at least 10 days are subject to the inflation adjustment provisions in the current Finance Bill. This means that if you hold open a futures position beyond the end of any month, your gain can be reduced (or loss increased) for CGT purposes by the rise, if any, in the Retail Price Index in that month.

Nevertheless, the bookmakers still offer advantages over the City's financial and commodity futures markets. In particular, they are geared more towards the little man. If, for example, you believe that the UK stock market is about to shoot up, and decide to buy a futures contract on the FTSE 100 index, the smallest amount you can deal in is equivalent, in terms of risk, to buying a portfolio of shares worth slightly over £30,000.

By contrast the smallest bet you can take on a stock market index is equivalent to buying only £3,000 to £6,000 worth of shares. The bookmakers are also generally more lenient in their demands for collateral from clients. As Robin Baldwin, of Phillips & Drew Futures, a futures broking firm, admits: "If I personally wanted to deal in futures, I would not do it here. I'd got to Ladbroke's."

So far, the bookmakers report little or no loss of business since the Budget. Stuart Wheeler, of the IG Index, which takes bets on the widest range of commodity futures contracts, says only one of his clients has been lured away to the futures markets by the tax changes. The City Index, set up just over a year ago, offers bets on such exotica as the Hang Seng index and D-mark-dollar rate. It reports a continuing rise in its clientele since the Budget.

If you have sufficient wealth or sufficient nerve to take on the large contracts, the futures markets probably have the edge. Dealing costs — the market spread and broker's commission —are only about half those of the betting services. Their charges are reflected in the spread between the price (or index number) at which you can take an up-bet and the price for a down-bet. For a bet on the 30-share index, the spread typically is five points.

Furthermore, if you want to hedge, say, a portfolio of U.S. shares against a fall in the dollar, or a portfolio of UK shares against a fall in the stock market index, a futures market position will avoid tax complications. This is because a capital gain on your futures contract should be matched by a capital loss on your share portfolio—and vice versa. So no extra tax will have to be paid—or saved. If you hedge with a bet, you may still have to pay CGT on a gain in your share portfolio while suffering a non-offsettable loss on the bet.

Roger Butler, of accountants Arthur Young McClelland Moores and chairman of the tax committee representing the futures industry, is critical of City stockbrokers for being slow to take advantage of the new rules for their private clients. "They should be telling clients how to hedge their risks," he says. "I can only hope that the Stock Exchange revolution will bring them into the 1980s like their U.S. counterparts."

Some telephone numbers: City Index: 01-283 3667. IG Index: 01-828 5699. Ladbroke Index: 01-493 5261. Phillips & Drew Futures: 01-606 9661.

Clive Wolman

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Some are more equal than others

IT IS 10 years since Parliament passed a package of legislation widely believed, at the time, to satisfy British women's aspirations to equality of status—not least, financial status—and equality of opportunity with men.

There was dismay, even despair in some quarters that the degree of social engineering inherent in the Equal Pay Act, in the wide-ranging Sex Discrimination Act 1975, and in the maternity leave and job reinstatement rights provided in the Employment Protection Act 1975 for women who could meet its qualifying conditions, spelled revolution, not reform.

Equality, it was muttered, was all very well. This was going too far, too fast, even forcing our language to land us in the courts if words like "chairman," and "he" without an immediate "or she," appeared in the public prints.

Leaving aside a certain amount of silliness, the process of loosening long-applied discriminatory practices on grounds of sex and marriage has contributed to the relaxation of attitudes held by men and women alike about their status.

Finance and the female

Slowly, girls are taking advantage of opportunities to choose school subjects, pass exams, and aim for further and higher education and training options formerly reserved, in effect, for boys.

But the financial lives of women remain different from men's. That is what this column will deal with, weekly and in detail; sifting through the distinctions made between men and women as borrowers, spenders, lenders, savers, investors, and tax-payers. In applying the principle of equality to finance, we stand to simplify the financial requirements and controls applied by government.

For example, few aspects of the UK tax system are more illogical than that which says, in a provision dating back to 1806, that "a women's income chargeable to tax shall . . . be deemed for income tax purposes to be his income and not to be her income."

In the 1980s, with 58 per cent of all married women working in the Department of Employment definition of being "economically active" in the marketplace, with another 6 per cent looking for work (1982 figures: now, probably, higher), that is a system of taxation outdated to the point of absurdity. The Chancellor knows it. He has promised a Green Paper on the matter, later this year.

But financial inequalities do not end here, and it is only by tackling them in detail that women can, for the time being, reduce their effects:

- Pension schemes still treat men and women unequally. The EEC has issued a directive on this subject, but the UK Government has yet to accept it even in principle. Widowers, for example, are rarely given benefits by company pension schemes, where widows' pensions are standard.
- Borrowing should be a simple enough transaction, but banks and building societies can make it harder for a woman to obtain a mortgage or a loan. We examine the credit options open, and how to make the best use of them.
- Marriage is but a ceremonial toy, said Dr Faustus. But for women it may seem more like a tax disaster. By advance planning you can reduce the damage it does to your finances.
- Having children can cut into your earnings and your pension rights. We look at the maze of rules surrounding maternity, and at the grants and tax concessions that may be available to the working mother.
- Separation, divorce, widowhood. They can be tough enough without the attendant financial chaos. How can you come through with more money left in your pocket than in your lawyer's?

As issues of equality come into the political forefront, we will put the UK into an international perspective. How does the UK measure up to the U.S., Japan and its partners in the EEC? In this column, women will go first.

Gay Firth

Don't be a ten-time loser

PLANNING for retirement is best done well in advance. By the time you are 64 it will be too late to make the best possible job of your pension provisions.

But even at this stage planning can help. More and more people are now attending pre-retirement seminars to ensure they make the most of their money when they stop working.

Here, with the help of Noble Lowndes financial planners, is a checklist of 10 points to consider—10 areas where you could lose money if you don't act in time:

1. Budgeting. No matter how carefully you have planned your pension and investments, your financial circumstances are certain to change when you retire, usually for the worse. Take a look at how much money you spend, and how much income you can count on from all sources.

"We reckon you should start by deciding how much money you need," says Ian Wilson of Noble Lowndes Personal Financial Services. "Then you can go on to ask: how much more can I get without endangering my capital in real terms?"

Often, expenditure will decrease when you retire, for example, if you decide to pay off your mortgage with your pension lump sum. Also your travel-to-work and work clothing expenses will be saved. But you could end up spending more on some items, such as a car which may previously have been provided by your employer.

2. State pension. Everyone is entitled to a state pension if they have paid National Insurance contributions for nine-tenths of their working life. You should receive a statement from the Department of Health and Social Security as soon as you retire. If you don't notify them immediately, as they will backdate payments for three months only.

"If you are going to be earning more than £70 a week after your retirement," it could well be worth deferring your state pension. If you take the state pension, it will be reduced in line with your other earnings. But if you defer retirement—which you can do for up to five

Retirement

years—the pension you will eventually be entitled to is enhanced by roughly 7.5 per cent a year.

You can collect your pension weekly at the Post Office, or have it paid every month or every quarter. And the DHSS is introducing arrangements for paying it directly into a bank account.

3—Other state benefits. You can get concessions on a wide range of services—from free prescriptions to cheap travel. Normally, these are claimed by showing your pension book. If your pension is paid to you monthly or quarterly, or directly into your bank account, you will not have a book, but you can apply to the DHSS for a pink card, BR464, which you can use when claiming concessions. Write to DHSS Central Pensions Branch, Newcastle upon Tyne, NE98 1YX

4. Occupational pension. You should receive a statement from the trustees of your company pension scheme detailing the benefits you are entitled to, and your options for taking them.

Your most important decision will probably be whether to commute part of your pension entitlement into a lump sum, and you should take professional advice if possible.

Noble Lowndes says it is usually advantageous to take the lump sum, because it gives you immediate access to the capital free of tax, and you will be able to invest it to produce a higher income than you would get from the pension you commute. (The income from the pension will be subject to income tax, whereas you could invest the capital to reduce the tax liability—by making use of your annual £5,900 capital gains tax exemption, for example.)

5. Your home. You may decide to move on retirement, in which case you will be giving close attention to your housing needs. But even if you stay put, your home is still important to your retirement finances.

Many people are eager to discharge their debts when they retire, and rush to pay off their outstanding mortgages. But remember that you are getting tax relief on the interest you pay on mortgages of up to £30,000. Could you invest the money to earn more net of tax than you are paying on your mortgage?

Remember that the tax relief only applies to loans for buying a house. If you change your mind later and take out another mortgage to raise capital for some other purpose, you will not get tax relief.

6. Income tax. Once you are over 65, you may be entitled to an age allowance against your income tax bill. But age allowances can be complicated, and they are reduced progressively if your taxable income exceeds £8,800 a year. You will receive only the ordinary personal allowance if your income exceeds £9,528 for single people or £10,000 for married couples.

If your total income will be close to this range, you can plan your affairs to avoid losing the age allowances. You could invest in National Savings certificates, for instance, which are not liable to tax, instead of a building society. And mortgage interest or covenants you pay can be deducted from your taxable income.

7. Investments. Your investments will probably be contributing a greater proportion of your income than during your working life, so you are likely to require both greater security and a higher yield. This is the time to restructure your portfolio, giving careful consideration to your tax position. Again, you should take professional advice.

If you need more income than your pension and your investments will provide, you could use your home to make up the shortfall. Schemes are available which effectively allow you to borrow money against the security of your house in order to fund an annuity payment.

8. Life assurance. The younger you are when you start your life policy, the cheaper it is likely to be. But insurance could still be essential when you retire, to provide for your family on your death, and to cover expenses that could arise then such as Capital Transfer Tax or repaying a mortgage.

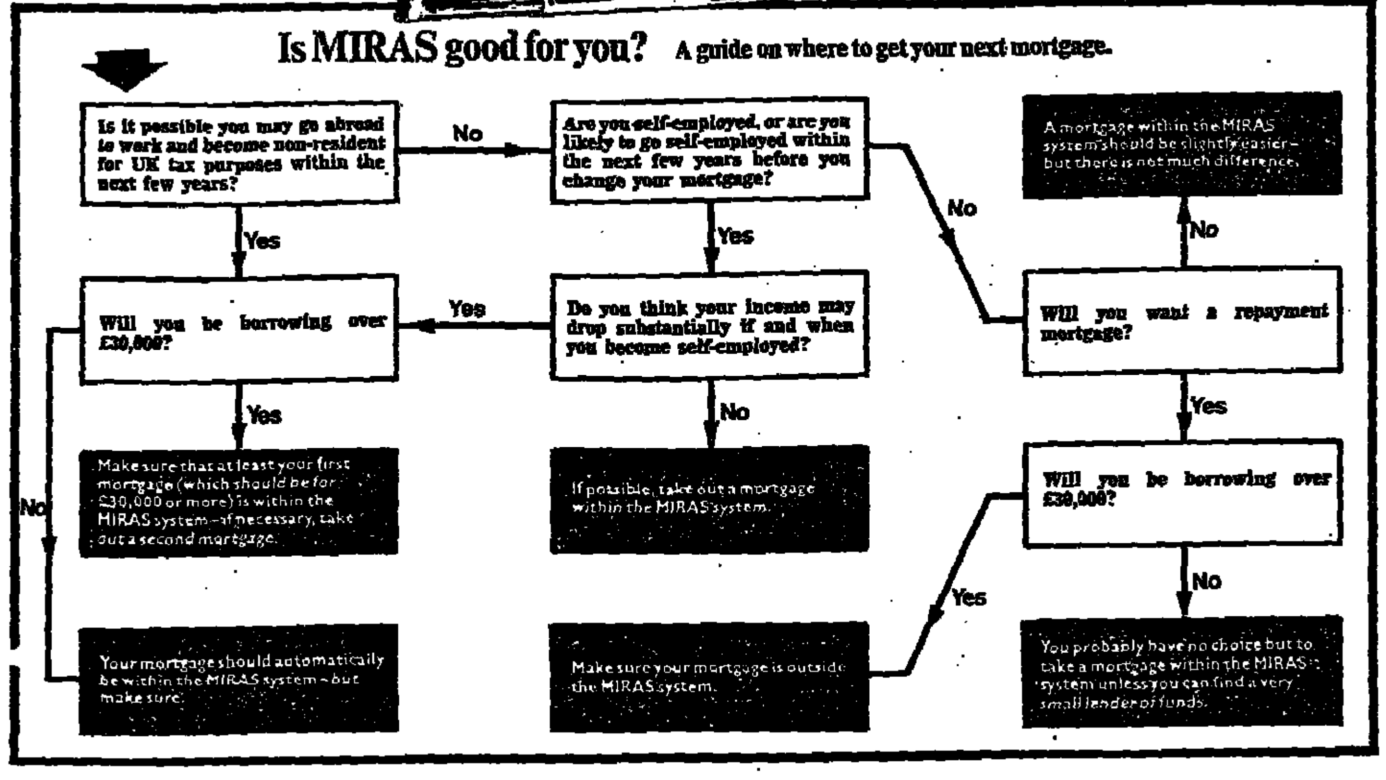
9. Your will. If you haven't already made one, do so. It is easy to assume that your money and property will end up where you want it, but this does not always happen. If you die intestate, you could end up leaving less than you intended to your wife or husband, because the law provides a considerable portion of the estate to go direct to your children.

If a house or a bank account is held under joint tenancy, it will automatically pass to the survivor. If the account is only in your name, it will be frozen if you die, and your spouse will not have immediate access.

10. Capital Transfer Tax. While you are making your will, it is as well to think hard about the possible CTT bill on your death. Many people think that CTT only applies to the extremely wealthy, but when the value of the family home is taken into account, you can soon reach the £67,000 threshold.

If you start planning now, you can make use of the exemptions built into the CTT rules and possibly avoid any tax liability.

George Graham



HOMEOWNERS with mortgages suffer several handicaps if they are forced to claim tax relief on their interest through their Pay As You Earn codes or on their tax returns.

If you plan to work abroad for a few years or are self-employed, particularly if you are just starting up in business, the drawbacksof being outside the system for obtaining Mortgage Interest Relief at Source (Miras) can be costly. The irony is that if you are in that situation, you are much more likely to beo utside Miras than is the average borrower.

This year's Budget and Finance Bill, however, contains a provision which will require nearly all borrowers to come within Miras by April 1987. For most, the changes will come earler.

The main group of borrowers outside Miras are those with loans of more than £30,000. Because tax relief is available only on the first £30,000 of the loan, most building societies and other lenders have been unwilling to include borrowers of over £30,000 within the Miras arangements, on grounds of complexity. However, the Finance Bill requires them to bring all their borrowers into the Miras system within the next two years. Many are likely to change their arrangements earlier

Some lenders have already adjusted to accommodate the larger borrowers. These include several banks but only about six building societies of which the National & Provincial is the largest.

If you have an interest-only mortgage, usually linked to an endowment policy or a pension plan, there is a clear-cut advantage to being within Miras: the interest you pay to your building society or bank is reduced by 30 per cent, an amount equal to the basic rate of tax. Basic-rate taxpayer need do no more. But higher-rate taxpayers have to reclaim the excess tax relief over the basic rate through their PAYE tax coding or on their tax returns.

Miras gives you tax relief immediately, at "source." Employees outside the Miras scheme whose income tax is deducted under PAYE also obtain their tax relief fairly promptly, although there can be delays adjusting the amount of relief when interest rates change.

The self-employed however, who pay income tax under Schedule D, do not have to pay their income tax immediately. If they are outside the Miras arrangements, they have to wait also to get their tax relief, on average by about six months. At current interest rates, the cost of such a delay in receiving tax relief is equivalent to about £90 a year to basic rate taxpayers and £180 a year to those paying at the top rate of 60 per cent. This meaures the benefit of being within the Miras arrangements.

For those who have recently become self-employed and expect their income (and marginal tax rate) to rise within the next few years, the cash-flow advantages of Miras can be much greater. To make full use of the Miras system and the other tax rules, they should opt to be assessed for tax on a preceding year basis and to fix April 30 as their accounts year end.

One recent correspondent to the Financial Times described a slightly different penalty of being excluded from the Miras system. An individual who was setting up in business increased the mortgage on his home to provide him with some capital. But the result was that his entire loan was taken out of the Miras system — and although tax relief will ultimately be obtainable through a Schedule D assessment, in his first few years in business he may not have sufficient income on which to claim tax relief.

The biggest break of all from Miras has been given to those who work abroad for a few years and become non-resident in the UK for tax purposes. If their mortgage is within the Miras system, they obtain "tax relief" throughout the period, even though they are paying no UK tax. The only requirement is that they should intend to return to the UK within three years.

If you have a repayment mortgage, there is one drawback to being within the Miras system. Building Societies and other lenders assume that for tax purposes, throughout your mortgage term you are paying a constant amount of interest and a constant amount by way of repayment. Thus the interest relief is constant throughout.

However, those outside Miras are granted tax relief on the basis of what actually happens viz, that they pay mostly interest at the start of their loan, and mostly repayments towards the end. This means they get far more tax relief in the first few years of their term, a cash flow advantage which will normally outweigh the disadvantages suffered by the self-employed who are outside Miras.

If you wish to remain or to move outside Miras when you move house or take out a tax-qualifying mortgage for other reasons, you should borow from one of the few, small lenders which have not been brought into the system

If your interests point in favour of a mortgage within the Miras system (see decision tree), and you are borrowing more than £30,000, it will be worth checking which lenders are geared up to accommodate you. If you fail to find a willing lender, the alternative is to borrow £30,000 from one lender within Miras and take out a second mortgage from another source. But you will probably have to pay a much higher rate of interest on a second mortgage.

Clive Wolman

Will British Aerospace take off?

INVESTORS have until next Friday to decide if they want to buy shares in the latest offering in the Government's privatisation programme. And many who did so well in the flotation of British Telecom last year will now be thinking about investing in the £550m British Aerospace issue.

With the government selling its remaining 48 per cent stake in the company—or 96.8m shares—and the company taking the opportunity to raise new funds with a one-for-four rights issue of 50m shares, there will be plenty of opportunity for private investors.

City institutions, employees and other shareholders have been allocated 76 per cent of the offering. The rest is on sale to the public.

Should investors buy the shares? BAe is no BT. The spectacular success of one government offering does not guarantee the result of the next. As the table above shows, despite the Government's best intentions, not every privatisation has been successful.

Company	Date of sale	Issue price (pence)	Striking price	Current price (pence)
Amersham Intnl.	Feb 1982	142	—	331
Associated British Ports	Feb 1983	112	—	256
	April 1984	250	270p	—
British Aerospace	Feb 1981	150	—	390
British Petroleum	Oct 1979	363	—	
	Sept 1983	495	435p	566
British Telecom	Nov 1984	50*	—	143*
Britoil	Nov 1982	215	215p	218
Cable and Wireless	Oct 1981	168	—	540
	Dec 1983	275	275p	—
Enterprise Oil	June 1984	185	185p	196
Jaguar	July 1984	165	—	289

* Part paid

Source: Treasury

The Government has steered clear of giving BT-style publicity to the BAe offer. Advertisements have been placed in broadsheet newspapers but not in the tabloids nor on television.

As in the BT issue, stockbrokers are getting special commissions for share sales. But the aim, in the company's words, is to reach the "sophisticated" private investors; that is, those already used to dealing in shares.

As Wyn Ellis, who follows BAe for stockbroker James Capel, explains: "Obviously, they have been worried that the BT factor will make everybody think they will make lots of money out of British Aerospace."

There are, indeed, sound reasons for thinking that there will be little chance of a killing for investors in BAe, at least in the short term. Unlike BT and most other government offerings, BAe is not a new issue. In pricing the shares at 375p, the Government and the company have been able to look to the existing stock market price as a good guide.

This means that, barring accidents, the shares are not likely to leap ahead once they reach the stock market.

Viewed as a long-term investment, BAe is in the business of making aircraft, missiles, defence and space equipment, which involves big risks and big potential rewards. In both civil and military markets, profits on a particular investment programme are generally made only years after the initial go-ahead decision. Sometimes, never.

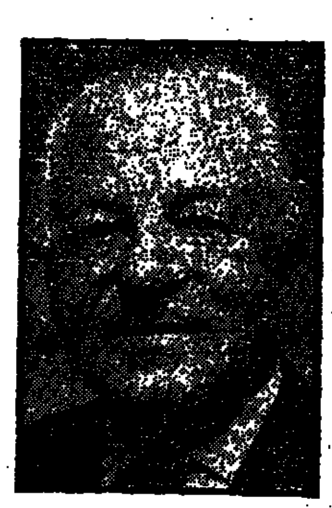
Investors who decide to back BAe must stump up 200p a share on Friday. The balance will be payable by September 10.

Stefan Wagstyl

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	7.0	7.12	5.69	4.26	HY	1	—	0-7
High interest cheque	9.0	9.31	7.44	5.57	Q	1	2,500 min.	0
3-month term	8.5625	8.84	7.07	5.29	Q	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	8.25	8.42	6.73	5.04	HY	1	1-250,000	0
High interest access	9.75	9.75	7.79	5.84	Y	1	500 min.	0
90-day	10.00	10.25	8.19	6.14	HY	1	500 min.	90
Premium	10.25	10.65	8.51	6.38	Q	1	10,000 min.	90
NATIONAL SAVINGS								
Investment account	12.75	8.93	7.01	5.10	Y	2	1-50,000	30
Income bonds	12.75	9.46	7.44	5.41	M	2	2,000-50,000	90
30th issue‡	8.85	8.85	8.85	8.85	n.a.	3	25-5,000	8
Yearly plan	9.28	9.28	9.28	9.28	n.a.	3	20-100/month	14
General extension	9.51	9.51	9.51	9.51	Y	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.69	9.92	7.93	5.94	HY	1	2,500 min.	7
Schroder Wagg	9.16	9.55	7.63	5.72	M	1	2,500 min.	0
Provincial Trust	9.72	10.16	8.12	6.08	M	1	1,000 min.	0
BRITISH GOVT. STOCKS§								
10% Treasury 1987	11.51	7.82	5.99	4.16	HY	4	—	0
11% Exchequer 1990	11.45	7.98	6.26	4.53	HY	4	—	0
10¼% Exchequer 1995	11.36	8.01	6.34	4.68	HY	4	—	0
3% Treasury 1987	9.40	8.26	7.70	7.13	HY	4	—	0
3% Treasury 1989	9.34	8.28	7.76	7.23	HY	4	—	0
Index-linked 1988¶	4.40	3.76	3.44	3.12	HY	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes current inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax. M Monthly, Q Quarterly, HY Half yearly, Y Yearly.



Sir Charles Clore

Tax havens and the sad tale of Clore offshore

CLIVE WOLMAN reports on how a simple mistake cost £67m

SIR CHARLES CLORE, who rarely put a foot wrong when building up his Sears Holdings retail and property empire, made a simple mistake in his final years which has now cost his heirs £67m in tax, according to an out-of-court deal struck this week.

The deal, which was little more than a surrender to the demands of the Inland Revenue, highlights several pitfalls for would-be tax avoiders who, since the removal of exchange controls in 1979, have found it easy to invest money in the Channel Islands and other overseas havens.

Clore decided in 1976, three years before his death, to move himself and his money abroad to avoid Capital Transfer Tax (CTT) on his estate, which is now worth £123m. To show he was no longer domiciled in the UK, he had to pick a single alternative country as his home, but he kept changing his mind between Monaco, France, Israel and the UK — as his friends were obliged to tell the High Court last autumn.

His case was also weakened by his continuing business, social, sporting and medical visits to the UK, although he could have got away with these if he had been content to settle in a single overseas home.

If Clore had established he had a foreign domicile, he would have avoided CTT on all his assets outside the UK. With this objective in mind, he transferred much of his wealth to a Jersey trust and company; however, the unfavourable deal struck by his heirs and trustees this week has raised doubts about the efficacy of using the Channel Islands as a tax haven, even though wealthy and not-so-wealthy UK investors have sent billions of pounds of their money there since 1979.

After the court decided in October that Clore had retained his UK domicile, the Inland Revenue tried once more to seize his Jersey-based assets. Normally, the Jersey courts are obliged to send UK and other taxmen packing when they appear with such requests but, on this occasion, the application was routed through the Official Solicitor, who could innocently ask for no more than the repayment of a debt to Clore's estate in the UK — even though, in practice, the money would have gone straight into the black hole in Somerset House.

No one knows whether the Jersey courts would have accepted this claim, but the deal struck this week suggests that the balance of forces were in favour of the Inland Revenue. Those involved in the case say that one important factor in the Revenue's favour was that, if the case went to appeal, it would ultimately be decided by the judicial committee of the Privy Council whose members are mainly British judges.

The link between the Jersey courts and the Privy Council indicates that the Channel Islands are not as independent from the UK as some of the more remote tax havens. The dressing-up of a Revenue claim in the guise of the Official Solicitor shows how the link can be exploited.

Clore's third mistake was to have invested so much of his money, via his Jersey trust and company, back in the UK. This allowed his aggrieved son, who was left out of his will, and the UK Revenue to win injunctions which froze the assets here. Clore would have been better advised on all counts to have switched the underlying assets of his Jersey company into countries with more lenient tax rules for both domiciled and non-domiciled.

Perhaps Clore's biggest mistake was to become so obsessed with avoiding tax that his last few years were, according to court evidence, restless, lonely and unhappy.

But his greatest tragedy was that he did not survive another four years. In 1983, all charitable contributions were exempted from CTT. And Clore willed the whole of his estate to charity.

CHESS SOLUTION

Solution to Position No. 566

Yes. The game ended 1 NxP, QxR; 2 QxP ch, K-R2; 3 QxB ch! (3 RxQ? R-K8 ch mates) KxQ; 4 NxR ch, BxN; 5 RxQ ch, K-B3; 6 RxP, R-R7; 7 P-R4 and Black, now three pawns down, resigned.

Lloyds woos investors who hate all the paperwork

THE IDEA comes from the U.S. You put all your finances—bank account, deposit account, investments and all—in one place, and the result is a complete financial management programme.

But does it travel? The response for Allied Hambro, the first British group to offer this kind of package, was muted, but things could change now that one of the big High Street banks, Lloyds, is to enter the market with its Asset Management Service.

Lloyds says that it is not just importing an American package and adding a few British details. It has conducted some lengthy market research to find out what features customers wanted.

The end result is a system that could prove a boon to those who rate the paperwork of running their finances, and are prepared to pay someone else to do it for them.

The Lloyds programme closely resembles the Allied Financial Management Programme in many respects. You lodge all your shares, unit trusts and other investments with the bank, which then collects dividends on your behalf and pays them into a deposit account. It will issue you with regular statements, including a summary of transactions and interest at the end of the year that you can use for your tax returns.

Both Lloyds and Allied will manage your investments for you on a discretionary basis. Or, if you prefer, they will simply administer the portfolio, keeping the deeds and doing the paperwork while you or your broker make the investment decisions.

What Lloyds brings to the service is its branch network. You can carry on running your ordinary current account just as before. With Allied you don't have a local branch, although you can withdraw cash from a variety of sources and will soon be able to use the Link cash machine network.

Lloyds sets up an investment account alongside your current account, and sweeps money back and forth to ensure a minimum remains in the current account, while the rest earns interest in the investment account.

This means you will have the full flexibility of an ordinary bank account, but it does deprive you of the chance of earning interest on some of your money — and Lloyds sets a minimum of £300 to be kept in the current account. Allied has only a single account so you can earn interest on all your cash, though you may have to pay charges for some of your transactions.

Both Lloyds and Allied assign special account executives to look after you, and in both cases these are separated from the sales force; so you should not find them trying to sell you Lloyds Bank unit trusts or Allied Hambro life insurance.

You will, of course, have to pay for the convenience. Lloyds will charge a higher basic annual fee, but for many of the extras — such as investment management—it looks cheaper. But Allied points out that its charges are integrated with the interest it pays. This is more tax efficient; they will be deducted from your gross income, not from your post-tax income.

George Graham

New products

A FUND which seeks to squeeze extra income out of a portfolio of Government "gilt-edged" securities by writing options on the underlying stock has been set up by Forbes Securities Management.

The Forbes High Income Gilt Fund is based in the Cayman Islands, but the investment strategy will largely be determined by London stockbrokers L. Messel. A similar technique of writing call options on underlying stock to enrich income, has already been followed by the Forbes Gold Income Fund. This has ensured that its total return has remained positive over the past two years despite the slump in the price of gold. The investment managers in this type of fund, however, run the danger of missing out on a bull market.

Authorised gilt unit trusts are not generally using options. One of the few other funds to do so is also run offshore, by Westavon Securities.

Forbes telephone no: 01-839 3013.

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TWO FAR EAST funds, investing in Japan and a variety of the smaller sunrise economies bordering the west Pacific, were launched this week.

One was a £12m investment trust, Pacific Trust. It is run by Edinburgh investment managers Martin Currie, who, since the take-over and liquidation of their Scottish Ontario trust two years ago, have managed to spruce up some of their fund management and marketing operations. The fund will be 45 per cent invested in Japan, 5 per cent in Singapore and 25 per cent in the Hong Kong stock market, which has now come back into fashion with UK investors.

The other launch was a unit trust, the Far Eastern Growth Fund, by the Perpetual Group of fund managers based in Henley, Oxfordshire. This fund will be more heavily weighted in Japan than the Martin Currie trust, but it will be putting small amounts in Australia, Malaysia and South Korea, as well as 25 per cent in Hong Kong.

Perpetual has by far the more impressive general investment performance record; its international Growth Fund is one of the top unit trust performers over 10 years.

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ROBERT FLEMING, the merchant bank, has set up a scheme to allow investors to put small sums of money into the ten investment trusts under its management. The scheme comes in three forms:

- Dividend reinvestment. The income from any Fleming trust shares you own can be reinvested in that or another Fleming trust.
- Regular savings. Anyone, whether or not they are already Fleming investors, can put a minimum of £25 a month towards buying shares in the trust of their choice.
- Occasional savings. You can invest a minimum of £250 at a time irregularly—once only, if you choose.

By aggregating all the purchases, Fleming will be able to cut commission to the normal Stock Exchange rate of 1.65 per cent, so investors should not be caught by stockbrokers' minimum commission—usually £10 to £45 for bargains under £600.

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THE UK's mightiest insurance company, the Prudential, is now selling unit trusts. One home in five is already on the Pru's client list; 2,500 salesmen will start marketing two new unit trusts under the name of Holborn.

The Pru is sticking to basics in the investment policies of the funds: the two are the Holborn UK Growth Trust and the Holborn High Income Trust. Minimum investment is £1,000.

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EUROPEAN BANKING CO is launching a new income-producing currency fund to complement its successful roll-up currency fund. Unlike its sister fund, the European Banking Currency Income Fund will be denominated in sterling.

It will be distributing at least 85 per cent of its gains, whether they come from interest on deposits or from currency fluctuations. This should ensure the fund gets a certificate of distributor status from the Inland Revenue.

With this high proportion of all gains being distributed as income, the EBC fund should yield around 15 per cent a year, EBC estimates. About 9 per cent should come from deposit income, with the remainder from currency gains and currency trading profits. Like its sister, the new fund will trade up to 25 per cent of its assets in the short term foreign exchange markets.

Since you will be paying income tax on at least 85 per cent of all gains anyway, the effect of distributor status will be minimal. If you invested in the roll-up fund, your income tax liability would be almost the same, but at least you would not have to pay it until you cashed in your investment.

Minimum investment is £1,000. The management charge is 5 per cent initially and 0.75 per cent annually.

هكذا من الأصل

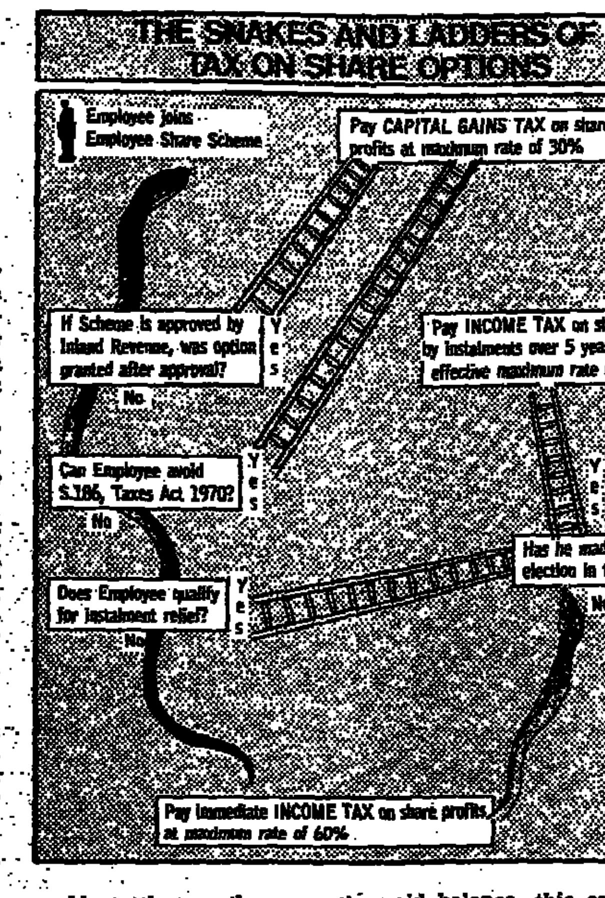
A threat from the taxman

IN spite of major tax concessions to encourage employee share ownership, many employees and directors *still face* large income tax bills when they exercise share options granted by their employers.

The problems arise for those granted options under schemes which *did not have the* approval of the Inland Revenue. Unapproved schemes remained popular until last year because the two earlier types of approved scheme, set up in 1978 and 1980, were too restrictive to satisfy particularly executives and senior employees.

However the 1984 Finance Act *has made possible* more flexible and generous schemes.

The legislation did nothing, *however*, for the many employees still holding options under non-approved schemes. They continue to languish under a severe tax regime and many will lose their only chance of improving matters *unless they take action* within the next month.



Share options

The crux of the problem is Section 186 of the 1970 Taxes Act which applies to all employee options *except for those* granted under approved schemes. It imposes an income tax charge on any profits made by an employee on the exercise of an option. The *tax* becomes due immediately, irrespective of whether or not the employee sells the shares.

Suppose, for example, that in 1979 an employee was granted an *option over* 10,000 shares in his company at the then market price of £1 per *share*. Over the last six years, the share price has risen to £3, and he now wishes to exercise *the option*. His notional gain on exercise will be £2 per share, a total gain *of* £20,000.

This will be taxed as income at his marginal rate.

In contrast, under an approved scheme, the employee pays not income tax but capital gains tax and that only when he sells the shares.

There have been various attempts by employees to wriggle out of Section 186, most of them unsuccessful. The recurrent theme has been to arrange things *so that* the employee can pocket the profits from holding the option without actually exercising it.

But all such schemes are vulnerable *to the court's new anti-*tax avoidance stance. Indeed, the view of the Inland Revenue is that if an optionholder takes any positive step at all to *realise* a gain, he will be trapped by Section 186. Apparently, the only secure escape route is if an optionholder is paid to allow his option to lapse by *doing absolutely* nothing. But only in exceptional circumstances will there be another party who will be prepared to make such a payment.

Employees frustrated by Section 186 may be encouraged if *their* company decides *to* convert its unapproved scheme into an approved scheme under the 1984 Finance Act.

This conversion can usually be *implemented without too* much difficulty but it will be no real help for original optionholders. The benefits of belonging to an approved scheme—*including exemption from* Section 186—are only conferred on participants who are granted options *after* the scheme has been approved.

Existing optionholers can be given new approved options but these will be at the market price of the shares in their company. In a case where the employee is trying to avoid being clobbered under Section 186, this will inevitably be far higher than the price when the unapproved options were granted

There is a silver lining. Normally, a tax bill under Section 186 can be paid by five equal annual instalments. Since no interest is charged on the unpaid balance, this can substantially reduce the effective rate of tax. *For* a top earner, for example, if interest rates are about 10 per cent the rate is cut from 60 per cent to about 45 per cent.

Instalment relief is only available on options *granted* before April 6, 1984 though the date on which the option is *exercised* is immaterial. The price payable by the employee must be not less than the market value of the shares on the date the *option* was granted and there must be at least £250 of tax to pay.

Most important, the taxpayer must give written notice to his Inspector of Taxes that he wishes to pay by instalments. This election must be made *within 60 days of the end of the* tax year in which the option was exercised. So, for options exercised in the tax year which ended on April 5, 1985, notice has to be given by not later than June 4, 1985. This is a strictly enforced deadline and since the *election is certain to be worth-*while the best advice is to make the election as soon as you have exercised the option.

If you are thinking of waiting for your tax assessment to make sure you qualify for relief, think again. When the *assessment* arrives it will almost certainly be too late to elect. But if instead you elect in advance and then find you don't qualify, your election will simply be ignored.

* *David Cohen is a London solicitor.*

David Cohen

Brief case

Golf club bonds

By our Legal Staff

I have been a member of a *golf club for a great number* of years. The ground rent of the club is £1,200 per annum, *and the club has security of* tenure until 2010.

The club approached the freeholders, who have agreed terms for a new lease for 125 years at a peppercorn rent (*the cost is to be £145,000*) in exchange for the surrender of our present lease.

An extraordinary general meeting is to be held, for approval of the members to accept *this offer*.

The club intends raising the money by the sale of membership bonds (approximately £350 each); all playing members are expected to purchase at *least one*. These could be redeemed upon death or resignation in chronological order by sale of like bonds to new members. If the EGM *approves the purchase of* a new lease, can the requirement of all members to purchase a bond be made enforceable?

It is most likely that the purchase of the bonds cannot be made enforceable. You *should* examine the constitution (Rules) of the Club. It would be *eminently desirable for* the Club to retain a solicitor to implement any scheme such as you describe.

Three sets of rules

I should be glad if you would *kindly advise me briefly as to* the Revenue's attitude to "zero rated" bonds, which must be surely the ultimate in "washed" bonds.

If, however, the subject defies a *brief reply, then please* indicate *to me* the best source(s) of information on the taxation of such bonds, in the hands of a person resident and *normally resident in the United* Kingdom.

There are three sets of rules for zero-coupon bonds.

For bonds issued by companies on or after March 14 1984 (except stripped-coupon bonds), a sale attracts *(a)* an income tax assessment on the accrued discount for the period *of ownership* (on the curved-line compound basis) and (b) either a CGT assessment (subject to the annual exempt amount) or an allowable loss.

For stripped-coupon bonds, the Chancellor *proposes* an annual income tax charge, as you probably saw in the FT budget reports, with either a CGT gain or an allowable loss on sale. For bonds issued by other bodies (for example governments) at any time, and bonds issued by companies on or before March 13 1984, a sale attracts (a) an income tax assessment on the *excess (if any) of the sale* price over the purchase price and (b) either a CGT assessment (subject to the annual exempt amount) or an allowable loss.

The intricate rules are not adequately explained in any publication we have seen, except in relation to UK company issues. We *recommend* that anyone contemplating investment in foreign zeros should seek professional guidance through the pitfalls.

A tenant's business

I am the owner of a semi-*detached house*, let at a weekly rent of £19.00 exclusive of rates (fixed by the rent officer under the Rents Acts). The house is occupied by a widower. He has lived there about 15 years, first as a tenant of my late mother, but on her death 13 years *ago* I inherited the property.

For the past 12 months or so the premises have been used as a florists, growing flowers and buying them in to make *floral tributes*. *No permission* was asked for or given for this use. He has a very large polythene tunnel *in the garden*, erected about a year ago, and two greenhouses which he has had for several years. The general appearance outside now is very untidy and generally messy. Does using the premises in this way *constitute a change of use*, which would qualify them being treated as business premises, and therefore subject to a business tenancy?

If the lease or former lease (or tenancy agreement) specified *that the premises should* be used for residential purposes only, or not for business purposes, you would be able to require the tenant to desist from the business use which he has embarked on. If not, it may be that he will lose the protection of the Rent Act 1977 and *instead fall within* Part II *of* the Landlord and Tenant Act 1954. This would enable you to determine the present tenancy (or six months' notice given in proper form) and grant a new tenancy at the full market rent.

Tax-eligible loans

My building society mortgage was taken *out some 12 years* ago for a term of 25 years when interest rates were relatively low. Since then I have not increased the repayment *amount*, and consequently the amount outstanding has risen steadily as my payments do not *even cover the annual interest* charge.

The total of my tax eligible loans is now just above the £30,000 ceiling and I am *considering a higher payment* to my building society so as to maintain the loans around this £30,000 level.

Would I be wise to do this—I pay tax at maximum rates?

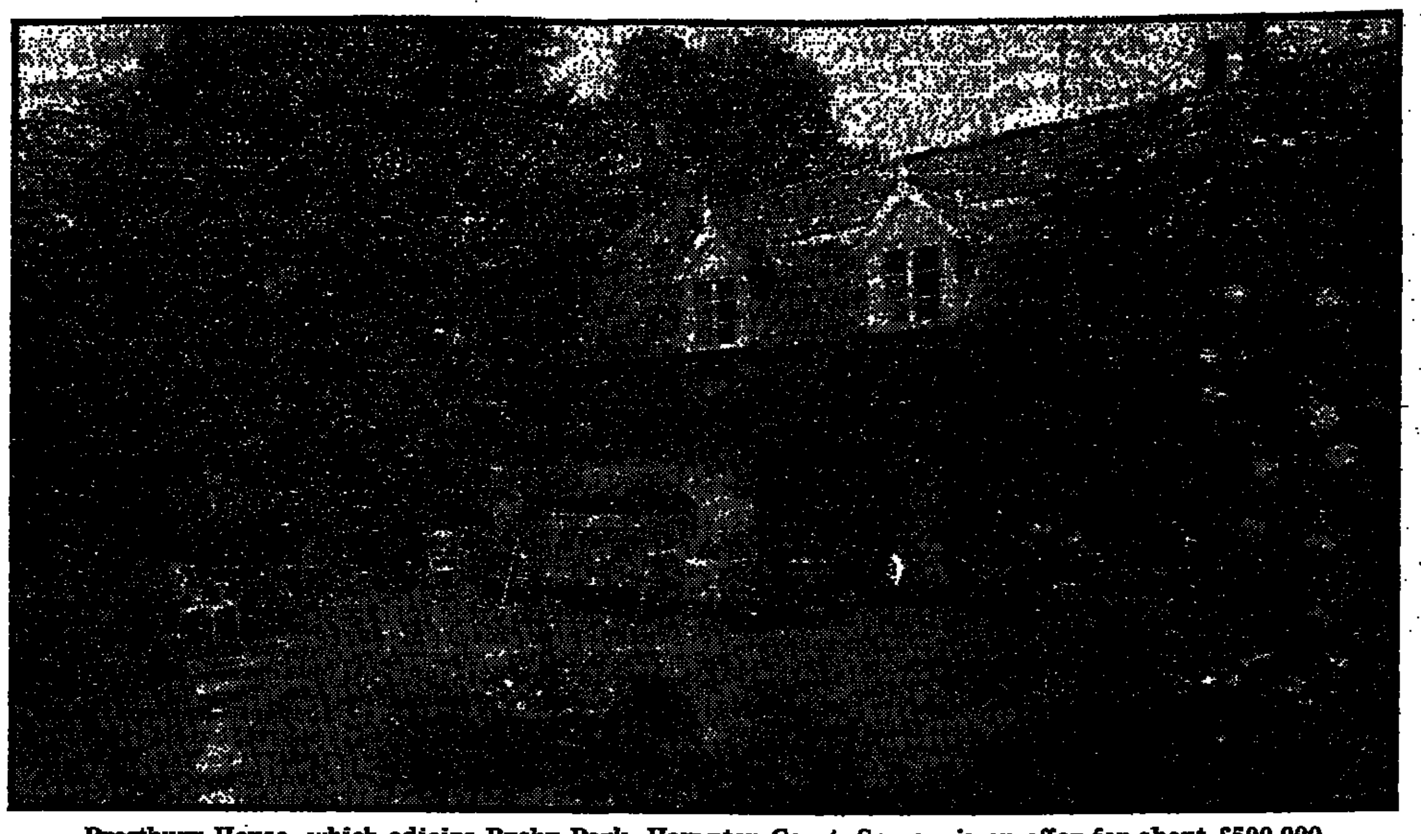
***When* would be the best time to pay a lump sum to the building society, given their *system of an annual debit for* interest? Alternatively should I spread this lump sum by making a series of supplemental payments to the building *society*?**

Would the above have any impact on the MIRAS relief?

The limit for tax relief in a situation such as yours is £31,000 (by virtue of paragraph 5 (b) of schedule 1 to the Finance Act *1974, as amended*). The simplest thing—assuming that you have not yet breached the ceiling—is to write to the building society, suggesting an increase in your monthly payments, in order to stop your indebtedness from rising to *£31,000*.

It is the amount of interest actually paid in each tax year *which matters, for tax purposes*, not the amount debited to the mortgage account in the society's books.

All inquiries will be answered by post as soon as possible.
No legal responsibility can be accepted by the Financial Times for the answers given in these columns.



Prestbury House, which adjoins Bushy Park, Hampton Court, Surrey, is on offer for about £500,000. Details Savills (01-499 8644)

Dreams of roses round the door

THE HOUSE appeared in reasonable condition outside, but its dull, bleak setting did little to tempt one to view.

No great effort or expense would have been needed to make the place look inviting. Colourful window boxes on the bare sills, a flower tub or two by the front door, even the ubiquitous garden gnome could have helped transform this particular ugly duckling into a swan.

As the herbalist John Gerard wrote in 1597: "What greater delight is there than to behold the earth apparalled with plants. . . ."

Yet people are often reluctant to spend extra on a garden. This time last year Taylor Woodrow Homes launched "The Fitted Garden" at Abbeyfields, Twyford Abbey Rome, NW10. The first 10 buyers, busy young professionals, were delighted with what designer Derek Mansfield had created. But the cost was built into the price. In the second phase, when a garden was offered as a £1,000 "extra" on a £50,000-home, no one took the offer up.

The Halifax Building Society, keen that borrewers should not neglect their plots, is bringing out a special booklet: *Making the most of your garden.* (Free from Roy Gravestock, The Halifax, Trinity Road, Halifax, West Yorkshire.) "The front garden of any house is its public face. It can have a considerable effect on the prestige, and even financial value."

Probably the most striking garden package on the market this year come with The Garden House, Cottered, Hertfordshire: authentic Japanese theme of bridges, bamboo groves, waterfalls and a tea house. It has just sold through Savills in the price region of £350,000.

Now that parks and gardens are listed under the 1983 National Heritage Act (in three grades, as for buildings), a good garden should become more of a sales point.

The register presently contains 200 entries in 10 counties. It has no statutory force, but there are commonsense rules to be observed about gardens.

- Before building a boundary fence or wall, consult the local authority about width and height, in case planning permission is required.
- If you want to chop down a tree, check whether there is a preservation order in it.
- When a tree or plant in your neighbour's garden overhangs yours, it is okay to trim back offending growth, but the trimmings belong to the person next door.
- If you want to take some of your plants from their beds when you sell, make sure that it is written into the contract; the new owner might be able to claim them.

The oldest acacia tree in Surrey, and a courtyard with a young cherry and a mature fig go with Prestbury House, The Green, Hampton Park. The listed Grade II Queen Anne six-bedroom, four-bathroom house and cottage, was once the home of the head gardener at Hampton Court Palace. Watch out for deer; they often come right up to the windows from Bushey Park. Offers in the region of £500,000 through Savills, 20 Grosvenor Hill, W1.

Silver birch, copper beech, chestnut and yew, and a rare American Catalpa (a large tree with showy white flowers whose real habitat is the banks of the Mississippi), are included with Hampton Lodge, also on The Green, Hampton Court. The 1840's-built six-bedroom house and garden flat overlooking the River Thames is on offer in the region of £350,000 through Barton and Wyatt (01-977 3374), and Savills (01-499 8644).

A flower-filled drive sweeps up to Farne oHuse, in three acres near the yachting centre at Birdham, West Sussex. Offers in the region of £275,000 for the six-bedroom home, grass tennis court, kennels and paddock through Rusty Slater, Pipers, Sandy Lane, East Ashling, Sussex (Bosham 575451, evenings and weekends included).

The old village pump is outside a four-bedroom, 18th century thatched cottage alongside the River Avon at Hackthorne, near Salisbury, Wiltshire. John German's Ramsbury office (0872 20691) are asking £95,000.

The 250-year-old Ye Jolly Gardeners, Pleasant Place, West Hyde, Hertfordshire, with original pub sign on the wall, is now a four bedroom home. Offers around £135,000 through Stimpson, Rickmansworth (0923 772202).

Priory Cottage, Poling, West Sussex, was once a leper house then a refuge for the poor before being restored by Sir Harry Johnston as a studio around 1905. Iu his autobiography is is referred to as "in the middle of its garden of fruit trees with a tiny stream on one side and hedge all round of roses . . . it exudes peace." King and Chasemore, Littlehampton (0903 717447), have it for sale at £65,000.

June Field

Gardening

Join the rabbits and give heather a try

A NEW BOOK and a reader's letter combine to turn my thoughts to heathers. The reader wants to make a heather garden, and seeks to know how many heather varieties are available and what colour range they cover.

The Gardener's Book of Heathers by Geoffrey Yates (Frederick Warne, £4.95) gives a startling revelation of the extent to which heathers have been developed by gardeners. It includes a list of heather varieties registered with The Heather Society, a British-based body formed in 1963, now the international authority with which all heather varieties must be registered. The number listed is over 1,500.

Of course, the existence of a variety and its availability are not the same thing. There is no way of discovering how many of these multitudinous varieties can be bought. Geoffrey Yates illustrates 98 in colour, mostly from his own photographs, and a perusal of heather specialists' catalogues suggests that most of these could be obtained without too much difficulty. A really serious search might double that number.

Not that anyone but dedicated collector would need so many. The colour range of heathers is not very great — from white and silvery pink through a variety of purples to crimson — but the flowering season is widely spread.

Heather enthusiasts often claim that heathers can be had flowering almost throughout the year. That is true, but there are two concentrations of bloom when heather gardens are at their most spectacular, one in spring, the other in late summer and early autumn. These are the periods to concentrate on when choosing heathers.

Heathers are the evergreen carpet supreme, plants that have perfected the technique of covering vast areas of often rather poor land, where they are regularly cropped by rabbits and other browsing animals. This gives the clue to their management in the garden. They should be planted in drifts of a particular kind, and clipped once a year to keep them compact. The best time to do this is immediately after flowering.

Though there is no natural connection between heathers and dwarf conifers, they do associate very well. Adrian Bloom has demonstrated this brilliantly in his big display at garden at Bresingham, nears Diss, Norfolk. Thousands of gardeners have been inspired by this and similar displays in other gardens, such as those in Windsor Great Park, at the Royal Horticultural Society's garden at Wisley, Surrey, the Northern Horticultural Society's garden at Harlow Car near Harrogate, and Liverpool University Botanic Garden.

Heathers are naturally moorland plants, and moorlands tend to be acid. It is not surprising that most heathers prefer acid soils and none dislike them. However, there are heathers that will grow in neutral or moderately alkaline soil, most notably the numerous varieties of Erica carnea, now renamed E. herbacea, and also its hybrid, E. darleyensis, all of which flower in winter or spring.

The Gardener's Handbook of Heathers, which is very helpful in giving suggestions both for selection and arrangement, also suggests E. vagans as suitable for alkaline soils, but gives the wise warning that no one should embark on making a heather garden on alkaline soil without first seeking the advice of an expert.

Botanists divide heathers into three genera: calluna, erica and daboeca. Calluna has only one species, C. vulgaris, which is the common heather or ling covering vast areas of acid moorland and bog in the British Isles.

There is also only one species of daboecia, now known as D. calabricia, formerly called D. polifolia In the British Isles, it grows wild only in a few places in Ireland.

Erica is the biggest group, with hundreds of species, most of them too tender to be grown outdoors in Britain. About a dozen species are hardy, and of these, four are genuinely native: Erica tetralix, the bog heather or cross-leaved heath found mainly in wet places, the Dorset Heath E. ciliaris, confined to Dorset, Devon and Cornwall, the bell heather E. cinerea, which likes dry moors and the Cornish heath, and E. vagans, another native of south-western Europe, which has retained a tiny foothold around the Lizard in Cornwall.

Arthur Hellyer

TRAVEL ADVERTISING APPEARS TODAY ON PAGE X

هكذا من الأصل

Where the twain meet in Europe

EASTERN Europe is a bit like spinach as far as travelling is concerned. You know that visiting it is *going to do you good*, but you really wonder if it is as nasty as it looks.

In fact, like the underestimated vegetable, that other world from whence the morning sun arises can be a very pleasant surprise. It is not only interesting to see how the other half lives, but also intriguing to find that they also love, laugh, eat and drink—particularly drink.

For someone wanting to get a taste of the East before taking a full scale plunge I would go for a short trip to one of three cities—Budapest, Leningrad and Moscow—and probably in that order.

Many would say that in choosing the Hungarian capital I am cheating. It is probably the least Eastern-bloc of them all in mood and character. But, if you wanted Communism red in tooth and claw you would have chosen East Berlin. In Budapest you can eat well, and late, watch TV with ads, hear pop music and shop at real shop with goods of high quality.

You do all this in a city (actually two cities, Buda and Pest) *which is spectacularly set*, and which is a delight simply to stroll around in. *You can* pause in your perambulations for coffee and cakes, knowing that nowhere else in Eastern Europe is either of them offered of such a high quality.

The great vantage joint is *Gellert-Hegy, a hill beside the* Danube atop which is an old stone fort, above which again has been built a war memorial. From here you get a superb *panorama of the city*. Gellert is on the Buda side of the river, which is where all the hills are and much of the older historical interest. Unfortunately it is also the side of the city which suffered most during the *war although the* restoration work in recent years has been immense and effective.

A short trip to Budapest with Danue travel will cost between around £250 and £300 according *to the time of year and* grade of hotel.

Leningrad similarly might be described as the least Russian of the Russian cities and, as the one-time Russian capital, is a wonderful taste of the Soviet Union combined with an insight into the USSR today. You will have to *do* without the coffee and cakes of Budapest, unless you have taste buds with a high boredom level, but Leningrad does have its charm.

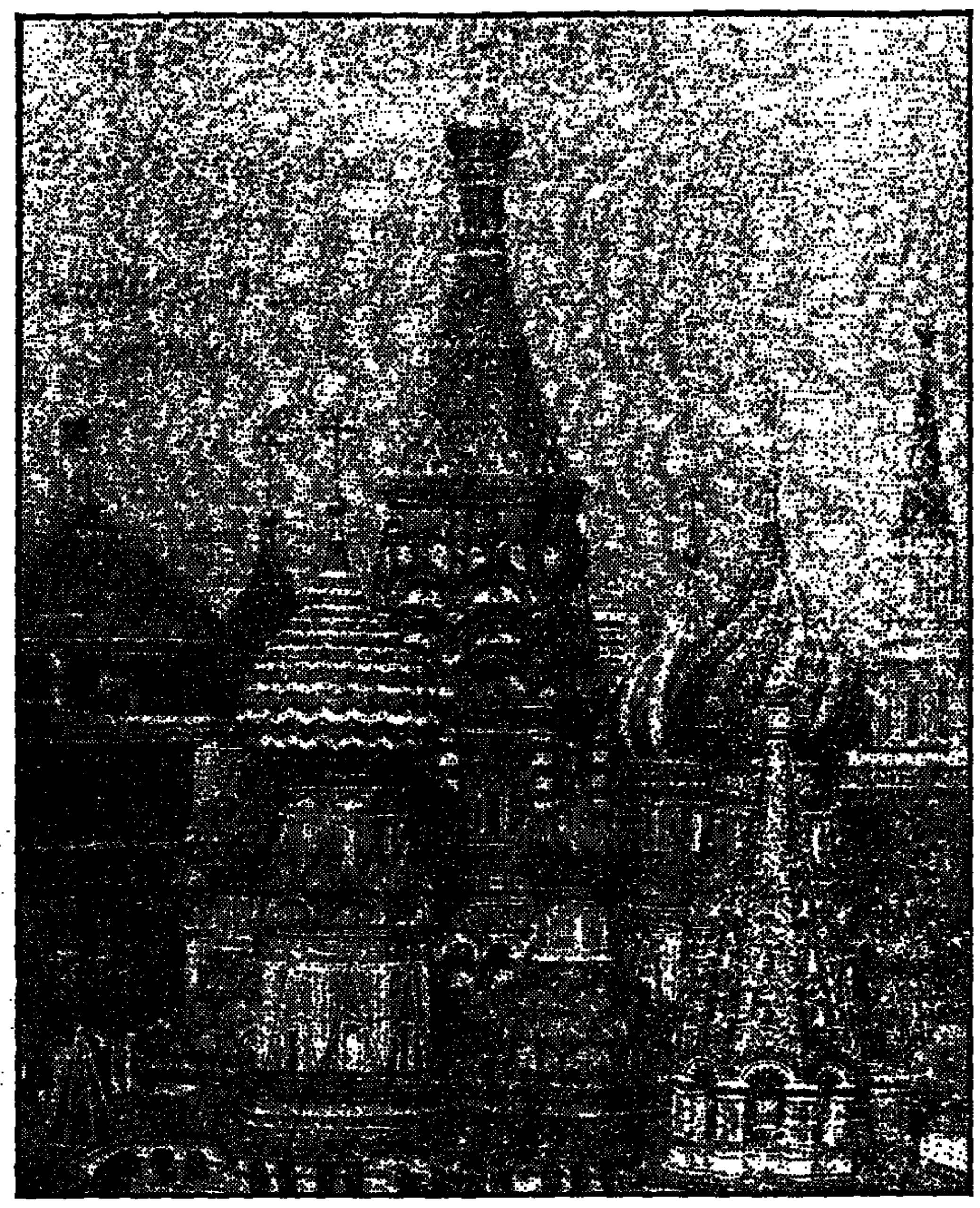
The Hermitage Museum is one of the world greats. It is, however, extremely difficult to *see properly. The only way to* get in without queuing for hours is to join a tour group. Foreigners are whisked past the waiting lines of locals. From *there on, however, you are expected* to stick with your group. If you want to linger over a Titian orf spend more time with Rodin you are likely *to get into trouble with your* group leader. The system does, *however*, have its advantages. Unless things have changed in recent months you will find most of the labelling is in Russian. Guide books in English come in famine or glut waves. If you have my sort of lupck you will arrive in a famine period.

Do not leave Leningrad without having made the side trip to Pedrovets and another to Pushkin and Catherine's Palace. Again the only way you can do this satisfactorily is with a tour group.

You can, by the way, escape *the groups fairly easily. You* will not come to any harm. You are likely to be reprimanded by your guide, however, who will herself have received something of a rocket. I am naive enough to believe that this is *not* so much a worry about spying as a fearful Russian preoccupation with keeping things under control —showing individuality simply disturbs them.

The same is not the case if you break away from one of the many cruise ship groups that arrive in Leningrad. It is easy to join a cruise that has a short stop in the city, and a ship offers the visitor a wonderful entry vista. For these trips you *will be on a group visa* and although, once again, it is easy to break away from the group if you really try there really is not much point. If you intend *wandering away from the group* — perhaps because you have seen the main sights before and want to do some exploring— then apply for a full visa.

Moscow is a city I would recommend not for its delights but simply because it is *fascinating* to see this centre of the Communist world. The Kremlin, St Michaels, the Armoury, Red Square and the intriguing St Basils, along with the statutory trip on the underground, the *shopping excursion to GUM* (the challenge is to find anything worth buying), all are worthwhile just to know that you have been there and seen it. It is a place of morbid fascination rather than pleasure. The Russians regard their past as painful and we regard their present as unfortunate—the combination tends to put a *depression blanket on things.*



St Basil's, one of Moscow's best-known sights

Tour operators who arrange weekends there, and there are many of them, tell me there is little in the way of repeat traffic.

The British have been a little slow in finding out, however, that there is more to the East than its cities. The Germans in particular have been plunging into the mountains and forests of the Eastern bloc countries *and finding a rural life-style to* which they said farewell a long time ago.

In the case of Romania an introduction has come in the unlikely form of Count Dracula, whose gruesome goings-on in Transylvania and Wallachia have prompted a consistent and growing flow of visitors from the UK. Intriguingly enough the UK tour specialist for the retired, Saga, is now the biggest tour operator in the world as far as Transylvania is concerned.

In fact Dracula, or Vlad the Impaler, as he was known to *his friends, chose a particularly* pleasant part of the world in which to live. Visitors today (who, if they have any sense will have read Andrew Mackenzie's works on the subject) will not only have their appetites *for bloodthirsty tales thoroughly* fed by the locals but will have this done in a wonder world of mountains, forests, small villages and ancient buildings.

If you really want to recapture a bit of the spine chilling feeling of those old pictures, catch *a glimpse of Bran Castle*, the stuff that Hammer Movies used to be made of. Cast aside for the moment the fact that Dracula may have been a visitor but he never actually lived there.

Bulgaria's equivalent of this stormy terrain centres around *Veliko Turnovo. This magnificent* old fortress city curves above and around the River *Yantra and is protected at its* rear by huge rock faces. If you want to know more about the history of the region then here is a place to start, a city *whose defences have proved so* effective over the years that much of its former glory remains.

Bulgaria tends to come to British note, however, more for its beaches than its hinterland, which is something of a pity. Albena is a good family resort, Balchik a little more scenic, *but the attractions tend to be* more those of an escape from the conventional hordes of the Costas than any real added advantages.

Arthur Sandles

M'lord banks on his bottles

IF ANYONE reading this column has 250 pre-war milk bottles to spare, Lord Montagu of Beaulieu would be delighted to hear from you. They are needed to put the finishing touch to a new commercial vehicle display that was added to the National Motor Museum this week.

There have always been some commercial vehicles in the museum, which Lord Montagu started 24 years ago. They add variety to the spidery veteran cars of the turn of the century, the Edwardian limousines, racing cars and family saloons of the 30s, 40s and 50s that form the bulk of the exhibits. Now they have been brought together in a 1930s street scene fetaturing a 1907 Unic cab, yes, they were still in use in the 30s—a *steamroller and an electric* milk float. An audio-visual display shows the part played by lorries and buses in shaping society as we know it today.

The new street scene, opened formally by the Transport Secretary, Mr Nicholas Ridley, has been sponsored by the Wincanton Group, a major road *haulage organisation*. Unigate, Wincanton's parent, managed to find some old galvanised wire milk crates for the restored electric float but not the bottles *to go in them*. Hence Lord Montagu's appeal.

About 500,000 people a year visit the *National Motor* Museum in the heart of the New Forest, a few minutes from the *M27*, and it is as un-stuffy a museum as anyone could wish for. Virtually all the *exhibits* are in working order and they go out for an airing now and again. Some take part in the annual Veteran Car Run to Brighton in November.

The lorry, char-à-banc and bus preservation enthusiasts' big day is the first *Sunday in May*, when the commercial equivalent of the Veteran Car Run takes place. Starting from Battersea Park at 7 am tomorrow, about 250 aged commercial vehicles, from 5 cwt vans to heavy tractors, steam wagons to fire engines, will set off for Brighton. On past performance, nearly all *will get there.*

In a way, it is a more spectacular sight than the Veteran *Car Run but it hasn't caught* the public's imagination to the same extent. If only Genevieve had been a three-tonner instead of a veteran car.

The procession will pass *Crawley on its trip down the* A23 to Brighton between 8.30 and *11 am and is due at* Brighton's Madeira Drive by 1 pm. If Monday is wet, a visit *to the National Motor Museum* could be a life-saver to parents of bored and *stroppy children*. Lord Montagu isn't exactly hoping for a bad summer, but he admits that the last two two fine ones caused a dip in *attendance during the main* holiday months.

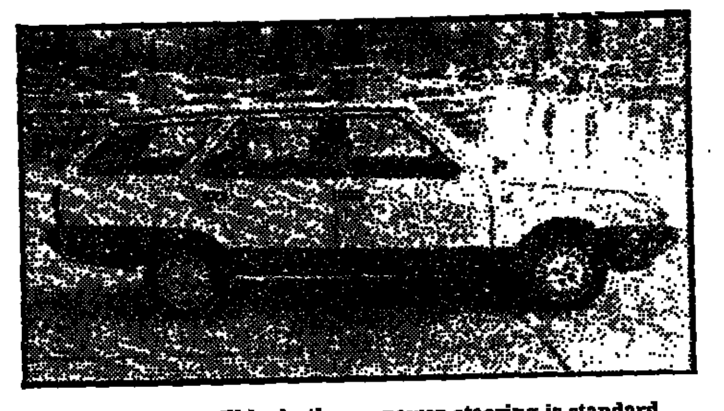
Estate of mind

IN MOST European countries, *estate cars are considered to* be rather down market. To own one is to *suggest that you* carry goods or the tools of a trade during the week, your family at the weekend. But in Britain the very term estate car or *shooting brake carries* with it connotations of broad acres.

We buy a lot of estates; an estimated 140,000 of them last year, or about one new car in 12. The proportion used to be even higher until the *hatchback came along. It offers* much of the utility of an estate without its boxy lines.

Importers have done particularly well with estates like the Citroen Safari, Peugeot 305/505, Mercedes-Benz T-Cars and, especially, *Volvo. Until recently British* makers had little to offer except for the Ford Sierra estate. Now, though, the BL Montego Estate is one of the *best of its kind on the market.*

Fiat *has decided to enter* the fray with an attractive estate car version of the Regata (itself a booted saloon derived from the Strada hatchback) called the Weekend. There are two models. The 100 Super Weekend



(pictured above) *will be in the* showrooms any day at £7,399 and the 85 Comfort will follow within a month. They are not workhorses and are well *named. Fiat stresses* that the Weekend was designed as an elegant and stylish vehicle for leisure and social activities while also being a competent and practical load carrier.

The rear bumper lets down to provide a flat, low sill over which heavy objects are easily pushed. For really long things, the bumper may be *left down* while you drive.

The 100 Super Weekend has a *twin overhead camshaft* engine of 1,585 cc capacity, producing a lusty 100 horsepower at 5,600 rpm and giving a top speed, it is said, of *112 mph and a 0-60 mph* acceleration time of 10 seconds I can vouch for its ability to cruise very quietly on the motorway, to handle tautly on *winding roads*, and carry up *to* five people on plumply upholstered seats. Precise *power steering* is standard equipment on the 100 Super, along with tinted glass, front electric windows, central door locking and a stereo radio/ cassette player.

The 85 Comfort costs £6,349 but is still well equipped, with a 5-speed *gearbox, tailgate* wash/wipe and rear seat belts. A glass tilting and *sliding roof* is £350 extra on the 100 Super only. It may be left open on the motorway without wind noise or buffeting becoming trying.

Economy is helped by good aerodynamic shaping; the Weekend has a lower drag figure than the Regata saloon and consumption on a journey *of around* 35 mpg may be expected from the 100 Super, 37 mpg for the 85 Comfort. Fiat expects to sell up to 2,000 Weekends in a full year, with 60 per cent of buyers going for the cheaper 85 Comfort model.

Stuart Marshal

OVERSEAS PROPERTY

GARDENING

• D I V E R S I O N S •

All the highlights and high notes . . .

Picnics, posh clothes and Puccini –it's as English as clotted cream. For fans and first-timers alike, here are some pointers to whet the appetite.

HOW TO SPEND IT

Lucia van der Post

Celia Baker

Evening wear that combines elegance without too stiff and formal a look, that is comfortable to wear and also provides some protection from the vagaries of our weather isn't easy to find Jacques Azagury's stylish designs could take you almost anywhere. It is based on fine silk, double-lined, and sparkling sequins. On the left is a heavy black silk skirt and a white top covered with fine sequins, with exceptionally pretty tulip-shaped sleeves, £840. On the right is an elegant tunic-shaped shimmering top in black, grey and white over a long black georgette skirt, £899. Both come from Feathers at 40, Hans Crescent, London SW1.

THE chief challenge presented by an invitation to a musical evening in the grounds of a grand English house is what on earth to wear. To a foreigner the prevailing tribal customs have an endearingly eccentric charm. Where I grew up picnics meant heat and biscuit-brown earth and no problems about what to wear—swimsuits and plimsolls were standard gear. Here, the popular prejudice seems to favour some nod in the direction of glamour and summer and yet, if the occasion is to be enjoyed rather than endured, some measure of warmth is needed.

Not that this is easy to find. I am always amazed at the gap between the fashion designers' views of our summer and the more usual reality—a stranger from Mars who visited our stores between early February and mid-July would understandably deduce that this was a tropical island where lazy, hazy days were spent idly in tiny bikinis and flimsy sleeveless dresses. Yet the British summer seems more hazardous from the (female) sartorial point of view than the winter—friends have this strange notion that it's warm and arrange dances in unheated barns and marquees.

For those who like to hedge their bets, the combination of an irresistibly pretty flimsy summer dress and a really warm cover-up would seem to deal with most eventualities. If, for instance, you are seduced by Elizabeth and David Emanuel's ravishingly pretty flower-printed pure silk chiffon ball-gowns you could invest in one of those (very English, very country house) and then either wear your grandmother's fur wrap (should you be so lucky) or else search for what chic New Yorkers call a "throw."

S. Fisher of 32-33 Burlington Arcade, London, W1, has some double cashmere fitted capes in a range of colours including white, red, black, navy, blue and burgundy at £225 each (except for white, which, unaccountably is £275) p + p £2.10. One of those should see you through all those summer events like Ascot, Henley, Wimbledon, where officially it is hot and the sun shines and where in fact you nearly always freeze.

The cardigan, of course, is the perfect garment for the English weather—it lends itself to being taken on and off to suit the vagaries of the day—and Jean Muir, with her brilliantly coloured cashmere kimono, has produced the most elegant version I have seen of that normally benighted garment. Wear under it black from top to toe and you could go anywhere.

A designer who seems to understand that warmth and elegance can be quite good friends is Jacques Azagury, whose bright blue creation for the Princess of Wales stunned the Florentines last week. Two of his solutions are sketched here—both are indubitably glamorous and both offer enough covering to keep even the chilliest of mortals relatively warm.

Those who haven't lashed out on evening wear for some time may need to sit down to take in the prices. A David and Elizabeth Emanuel off-the-peg ballgown goes these days for £550, while Jacques Azagury's creations are both over £800.

Men, too, may need to take out a mini-loan. Men's evening wear is becoming ever more interesting—there is no longer any need to feel that there is nothing but a trip to Moss Bros to look forward to. Shops like Harvey Nichols and Browns of South Molton Street, London W1, always have a good selection of evening wear that is unmistakably masculine but fun and lively as well.

If you have Glyndebourne, conventional evenings and city dinners on your agenda then Cerruti is one of the best designers to look out for—he seems to know how to combine the rigours of establishment demands with a touch of imagination. He uses beautiful fabrics, the lightest of light wools, with a very classic cut so that his clothes should last and last. If you are invited to a jollier party you could add one of his marvellous silk cumberbunds or a bright brocade waistcoat (perhaps the one by the new design group Culture Shock, sketched here) to perk things up.

A Jaeger pure silk suit, in white if you can afford the cleaning bills and are in extrovert mood, or in navy blue if you're more cautious, could take you to everything but the most formal of evening events.

If the sort of parties that you go to are attended by the likes of David Bowie and what Browns discreetly call "people in the creative business" you could cause quite a stir in Culture Shock's pure linen version of an evening look. Their clothes may at first sight seem startling but look closer and you will see that the beautiful quality of the fabrics is allied with high quality tailoring.

Julia Findley

FOR ANY formal event, whether it be a city dinner or Glyndebourne, this fine wool suit (left) by Cerruti combines a traditional look with interesting detail. Much lighter to wear (and therefore ideal for summer) than the usual Barathea or heavy wool dinner jackets, the suit is £425, the fine cotton pleated evening shirt is £60, the black silk bow tie, £15. The grey, black and white silk cummerbund is an optional extra £50. All are available from Browns, 23-27, South Molton Street, London W1.

A PURE white silk suit (centre) by Jaeger. It looks light and summery, yet formal and elegant. £250. Wear it with a silk shirt (in white, cream or mid-blue); £59.

FOR THOSE who are in the "creative business" or are of a sartorially adventurous nature, the most exciting new label for men is Culture Shock. They use wonderful fabrics, tailored impeccably, but the whole look is undoubtedly unorthodox. Sketched here (right) is a pure linen suit—the jacket and trousers in toning colourways (dark green and black) but different patterns. The suit is £410. All from Browns of South Molton Street, London W1. Reversible pure cotton brocade waistcoat is £130—it can be worn with the Culture Shock suit or used to perk up a conventional dinner suit.

Country notes

Thoughts on seeing the first cuckoo

I HAVE not yet heard a cuckoo although one came and perched outside my window the other day, took a brief look around and then cleared off. Very wisely, of course, because I should not think its potential victims are yet ready to nest up here. In fact, for the past few weeks the small birds which used to congregate round the bird table have been away.

I do, of course, still feed birds on the farm. Quite inadvertently, though. I grow broad beans for seed and first the rooks and now the pheasants are enjaying themselves digging down the stem of the emerging plant and pulling up the seed. Some of the seed beans are very big and the pernickerty creatures are apt to leave them lying on the surface. The rooks can be removed by bird-scarers but the pheasants, now that the season is over, have no fear of man; even a gun fired at a distance merely makes them lift their heads.

A well-known landowner once told me that he always shot cock pheasants, whatever the time of year. There were too many of them, anyway, and they needed thinning out because of the dangers of in-breeding. Since anyone who saw him at it was probably in his employment, there was little danger of being prosecuted for shooting out of season. The other evening I saw 30 pheasants on this particular field; and 20 were cock birds who strutted around impertinently, even when I drove the car at them. Where they hal add been living in the shooting season. I have no idea.

Pigeons are still fairly hungry but again like rooks, they can be driven away by noise and also by plastic bags hung on sticks. I had not believed this until I examined a crop of turnips grown for seed; my foreman showed me that those protected in this way had come through the winter undamaged whereas the rest had been eaten well down.

Although pigeons are very interested in the brassica, like oil seed rape, they don't seem to like them late in April and are now turning their attention to the emerging clovers in the pastures, and the peas.

Because of the lateness of the spring I doubt if htey are having much luck on the pastures which, in my case, are almost as bare as in Australia during its summer. They are at least green but have shown any real growth only on one day in April when the temperature went up to more than 70F. I walked round the farm in shirtsleeves and gave orders that the expensive extra feed we were giving the sheep should be slowed down and then stopped; but it was a false message and they quickly went back on full winter rations.

Even late in April, the trees remained as bare as very early in March; those old favourites the oak and ash, apeared to think it still was January. Even the chestnuts had their leaves only a quarter out and seemed stuck at that point. There is an old saying that if the oak is in leaf before the ash there will be only a splash—that is, a dry summer—but if the ash is out first, there will be a soak.

Like many sayings, I believe it to be founded on the ramblings of some ancient fuddled by too much mead or whatever they drank when the English countryside was young. There is also a saying—in whcih I do believe—that blackthorn blossom heralds a return to winter. That certainly has been true this time.

There are many others. One of my employees, a noted pessimist, used to talk a lot about a "cow parsley winter," which usedto happen about mid-summer. It only underlines the fact that we have a most unreliable climate and those of us who farm and garden successfully, in spite of its aberrations, must be quite exceptional people.

John Cherrington

Education

Outposts for the eternal student

MENTION THE National Institute of Adult Continuing Education to most people, and they probably think of evening classes in bleak school rooms on a rainy night. But a glance through the NIACE brochure on study breaks, particularly at the individual ads for residential centres where courses are held, quickly contradicts this image. It was dispelled altogether for me when I went on a short bridge course at a 16th century rectory at Fittleworth, in the Sussex countryside.

A mellow L-shaped building, it is set in the river valley just north of Arundel. A worn red brick path winds past a lawn to the large glass porch, haven for wellies and macs. The rear looks over a rambling garden with a croquet lawn and swimming pool. Inside, everything is what could be expected of an old country rectory—shabby chintz, well-worn furniture, not quite describable as antique, lots of pictures and well-thumbed books.

There is even a large family. Graham and Brenda Salmon bought the place more than 20 years ago. Originally they set out to provide a week-end meeting place for young people. The project expanded and they introduced courses aimed at a wider and older public. Now two daughters and their husbands share in the work. All have useful qualifications, ranging through electronics, occupational therapy, cordon bleu cookery to landscape architecture.

Students are of all age groups, come from overseas as well as England, and from all walks of life. Those I met formed a cross-section of the middle-aged middle-class. They ranged from an ex-diplomat and a former naval officer, plus wives, through a local GP's wife to a gaggle of lively Welsh ladies. All are rapidly inducted into the practice of making their own beds, clearing and laying tables and washing up after using the tea and coffee facilities in the students' kitchen—bar—meeting area. This helps keep down costs. Fittleworth, unlike all but one of the other residential centres, is not financed by a local authority.

Certainly, several students commented on the cost-cutting, particularly in the heating and food. Meals did display a thorough grasp of portion control together with ingenuity at using inexpensive ingredients. As with most residential catering, the best meals were breakfast with its non-greasy bacon and egg plus hot rolls, and afternoon tea with delicious home-made jam and cake.

The 21 bedrooms range from those with oak beams and lattice windows in the old part of the building, to attractive little boxes in the recent extension. Most have wash basins, and a few have their own baths. Prices cover tuition and full board, including morning coffee and afternoon tea. I paid £79 (plus VAT) for a single room with basin, for a course starting with Monday supper followed by a class, and ending after Friday breakfast.

The indoor courses usually have a few free hours each day, an opportunity to explore the countryside. The Sussex Downs are only 20 minutes drive away. Beyond, on the coast, are Littlehampton and Chichester. There are local stately homes, such as Petworth, Uppark and Penshurst. And just wandering along the lanes and tracks immediately around Fittleworth is a delight.

When courses are run to capacity, there are 35 to 40 students. The oversnill are put up in the village. The aim is to run three courses at a time, or match one very poopular with another less so. In the week I was there, for example, there was a large bridge group, and a smaller one for a crafts course generally known as the marbling course. Its end product was sheets of paper prettily coloured which could be used on folio covers and so on.

Many of the courses are art and craft based, featuring clock repair, china restoration, press flowers, embroidery and painting. The outdoor courses include golf, bird-study, gardens, English churches, and so on. The hard-nosed are not neglected either, with courses on computing for profit and how to enjoy stocks and shares. This sort of mix is typical of centres listed in the NICAE booklet of which around 40 are scattered over England and Wales. Altogether, about 1,700 different courses are on offer.

The names of the tutors at Fittleworth are not well-known. But if they have anything like the ability of our bridge tutor to get across a subject, along with cheery informality, the students are well-served. He was also flexible enough to weld together a group which included a novice like myself and old campaigners with years behind them of cue-bidding and grand slams.

Students swapped recommendations for other NIACE-listed centres. All seemed to think they had good value, not least from Fittleworth. For a short relatively inexpensive break in a busy schedule, and a sop to the puritan feeling that spare time should not be frittered away, NIACE-listed courses would be hard to better.

Further information of NIACE, 19B De Mont Fort Street, Leicester. Tel.: 0533 551451; summer and winter brochures on residential short courses, are 95p inc post and packing. The Old Rectory, Fittleworth, Pulborough, West Sussex. Tel.: 079 882306.

Mary Rutter

. . . of the high life

IF YOUR vision of summer bliss includes listening to celestial music in a handsome setting, with a supper pause accompanied by the less rarified sound of champagne corks, you may already have laid your plans for Glyndebourne. But if you aren't among the lucky few who have been able to get hold of the scarce and costly tickets don't lose heart — there are many charming alternatives. There are houses up and down the country where you can hear a concert, eat, drink and gaze at the treasures of the house or the splendours of the park and gardens.

An added charm lies in your fellow guests. Concert-goers on the whole appear nicer and more unassuming than theatre and opera-goers, and few people come for the social kudos.

So, for all music-lovers with an adventurous spirit, here is the FT Weekend guide to summer sounds.

The National Trust arranges concerts in some of its properties; other organisations lay on music festivals in stately homes; and individual houses have their own events. The range runs from solo recitals to operas and full-scale orchestral performances and ticket prices may include a buffet supper or cheese, and also wine. Or you may bring your own picnic to eat in the grounds, and in some places order a dinner hamper or supper in the house itself.

Programmes are often planned to match the house's ambience. The three tercentenary composers—Bach, Handel and Scarlatti—get quite an airing this year; and the roll-call of performers of baroque and renaissance music is impressive.

The National Trust concerts are legion. For details of what is on offer locally, contact the Trust regional office in your area (listed in the telephone book). A few examples: Cecile Ousset plays at Stourhead on May 11; Tamas Vasary is at Wimpole Hall, Cambridge, on June 1; Emma Kirkby and Anthony Rooley are at Canons Ashby House near Northampton on June 15. The New London Consort appears at Shugborough Stafford, on August 3, the Bournemouth Sinfonietta pops up in a marquee at Kingston Lacy on September 1; and the City of London Symphonia is at Osterley Park on May 8.

The National Trust for Scotland is no slouch, either. Falkland Palace (June 29) and Hill of Tarvit House (July 4), both in Fife, put on recitals with a Scottish flavour; Culzean Castle in Ayrshire presents Susi Jeans, the harpist, on May 31, and the Scottish Baroque Ensemble on June 9.

Hopetoun House and its parkland on the Forth form the background for the Scottish Chamber Orchestra gargantuan gala evening on July 6 and 7. You get two concerts (Mozart and a Whoopee Band), supper in the middle, a viewing of the house, a pipe band beating retreat, and — for the robust — dancing at the end. (Usher Hall box office, Lothian Road, Edinburgh EH1 2EA; Tel 031 228 1155.) The Edinburgh Quartet makes more sedate appearances in the red drawing-room there: Mendelssohn and Beethoven on July 25, Mozart on August 15, Beethoven on August 29. (Usher Hall box office again, or the Edinburgh Quartet, 119 Craigleith Road, Edinburgh EH4 2EH; Tel 031 332 8691.

Can't get tickets for Glyndebourne? Don't despair— there are plenty of alternatives.

On the opera front, there's nothing to approach the distinction of Glyndebourne. But opera buffs can spot future stars in Pavilion Opera's *Barber of Seville* and *L'Elisir d'Amore* at several National Trust Houses. The young company's home ground is the Garden Pavilion at Thorpe Tilney Hall in Lincolnshire and the group also appears in private houses in England and Wales. (Pavilion Opera, Thorpe Tilney Hall, near Lincoln LN4 3SL; Tel Martin (05267) 231).

At Castle Ward, County Down, from June 19 to 22, performances of *Cosi Fan Tutte* are given by the New Opera Company. Enquiries to the house (at Strangford, Downpatrick; Tel Strangford 204) or to Ian Urwin (Tel Belfast 647134).

The Stately Homes Music Festival extends its activities this year, taking in 27 houses. It lays particular emphasis on Tudor music (madrigals from the Consort of Musicke at Knebworth House, Herts, on September 7), some of it in Tudor settings (Dragonfire at Penhow Castle in Gwent on July 27). A baroque masters series includes the Camerata Amsterdam in the Long Gallery of Castletown House near Dublin on August 17, and the London Baroque at Tatton Park in Cheshire on July 28 and 29. The Festival salutes European Music Year with a gala concert by the English Chamber Orchestra at Blenheim Palace, Woodstock, on July 13. (Stately Homes Concerts, Box 1, St Albans, Herts AL1 4ED; telephone 0727 34465; or 40 Dean Street, London W1—personal bookings only.)

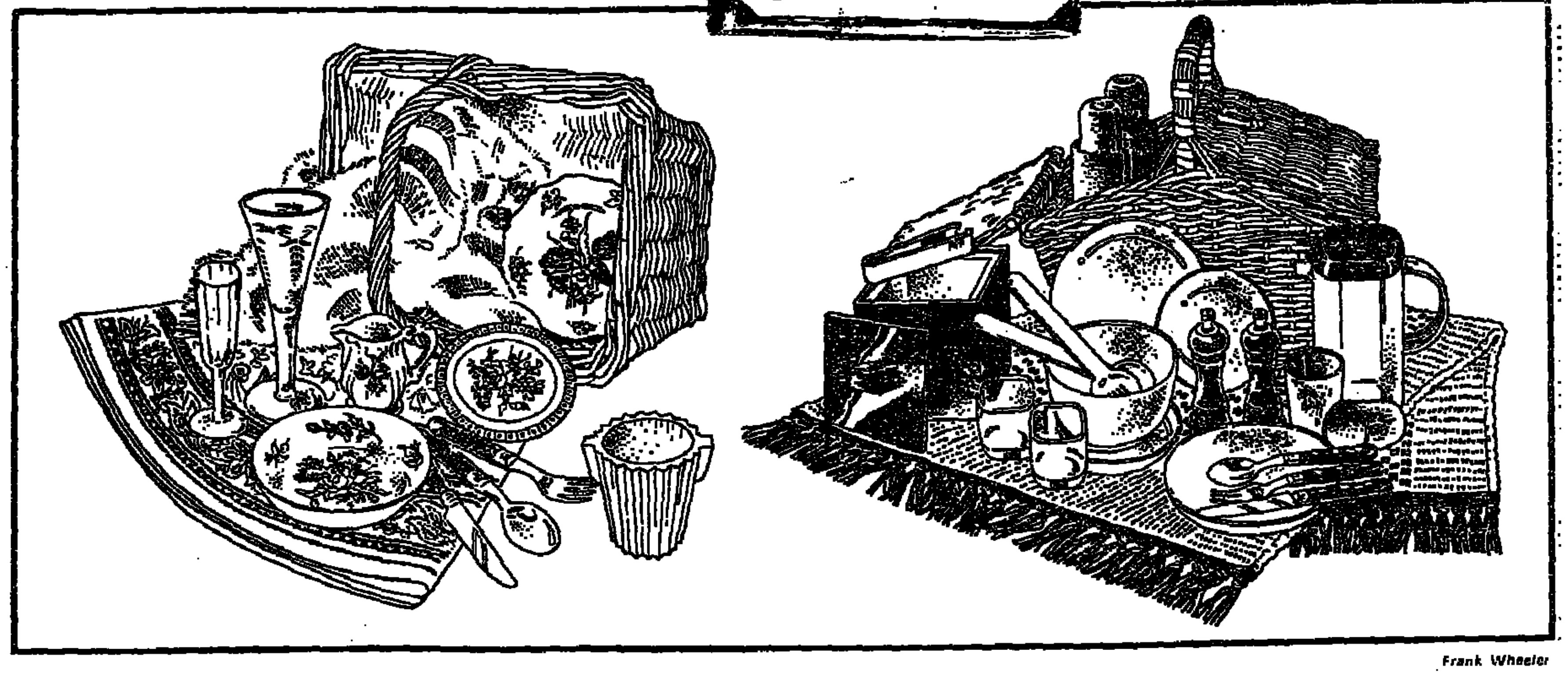
Another of this Festival's concerts is on 15 July at Burghley House. Don't associate the place solely with horse trials: the ninth earl was a friend and supporter of Handel's. Some of his collection of music, recently discovered in the house, will be played at other recitals there this year. (Burghley Estate Office, Stamford, Lincs; Telephone Stamford 520758).

The Summer Music Society of Dorset brings chamber music back to the chamber; it lays on concerts at houses in the county not normally open to the public. There's a waiting-list for membership; but there are two concerts this season with room for the rest of us. In Sherborne Abbey on 25 May, Richard Hickox conducts the City of London Symphonia; and at Bryanston School on 6 July Peter Frankl and Adrian Beers join the Gabrieli Quartet. Tickets and membership information from the secretary, Lady Digby, at Minterne, Dorchester, Dorset DT2 7AV; Telephone 03003 370.

This year's concerts in the rococo marvels of Claydon House, near Aylesbury, include the Allegri String Quartet with Jack Brymer; the Deller Consort; and a recital of words as well as music from Peggy Ashcroft, John Gielgud and Julian Bream. Enquiries to Mrs Berry, Claydon Estate Office, Middle Claydon, Bucks MK18 2EX; Telephone Steeple Claydon 252.

Sutton Place, near Guildford, Surrey GU4 7QV, has a varied list of musical happenings, some in the afternoon with tea afterwards, some in the evening with reception and buffet dinner. Performers include the Academy of St Martin in the Fields String Octet on 8 June; the Brodsky Quartet on 19 June and 10 July; and the Marisa Robles Harp Ensemble on 14 September, when you get a firework display to boot. Not cheap; but grand occasions. (Bookings manager, at the house, Telephone 0483 504 455.)

Judy Whale



Frank Wheeler

WHEN IT comes to picnics, wicker's the thing. It might be an awkward shape to hold, heavy to carry, and nothing like as practical as all those coolboxes and lightweight plastic numbers; but if you mind about style and aesthetics you'd better stick to wicker. Though not, of course, the fitted hamper. The thing to do is to buy your basket — the choicest at Glyndebourne last year were shaped like giant French baguette baskets, lined in sweet gingham for the artless, rustic touch — and then fill it yourself according to mood and occasion. (This isn't a very practical method, as it often leaves you unable to find the bread rolls, but that is not the point.)

Here, sketched, are two traditional baskets, one filled in uncompromisingly modern style, the other more sweetly pretty.

The two baskets here, and all the contents, come from Graham and Green, 4 and 7 Elgin Crescent, London W1. For mail order prices, contact the shop on the items of interest.

The traditional shooting basket (right) is £22.15. It sits on a black and white woven wool rug (£18.60). The square black plastic ice-bucket is £10.15, the sleek black and red vacuum flasks £9.75 each. Guzzini square jug in lightweight acrylic is £9.95, the tumblers £1.70 each. The plates and bowls are made from marvellous black, red, grey and white speckled plastic which looks just like the old Bakelite. Plates £1.20 and £1.80, mugs £1.15, salad bowls £4.85, cup and saucer £1.60, trays £3.75 each.

The basket fitted out in romantic mood (left) is a traditional baker's basket: £35.95. It has been filled with a round pink and white Indian printed tablecloth (£35) and a soft mohair rug (£25.50). The hand-painted glasses are £6.50 each, the fluted champagne goblets £4.70 each. Flower-strewn Luneville china isn't cheap but, of course, doubles for everyday use: £12.85 for the small plates with the intricate fretwork edges. Large bowls are £6.70 each. The green-handled cutlery is £22 for a set of 24 pieces. The clear, tinted acrylic ice-bucket is £4.80.

Glorious, glamorous lobster

FIVE or ten years ago poached salmon or seatrout with asparagus, new potatoes and mayonnaise formed the centrepiece for many a *fete champetre*. The fish might be preceded by hot watercress soup and Parmesan straws ("after all, one cannot bank on fine weather") and it would almost invariably be followed by strawberries and cream.

A more English feast is hard to imagine, and its deliciousness is undeniable, but glittering occasions in 1985 call perhaps for a little more contemporary culinary sparkle.

For sheer glamour lobster is hard to beat. Freshly boiled, cooled and simply served with good mayonnaise it is exquisite —he who tires of lobster is surely tired of life—but you might consider replacing the mayonnaise with a lighter sauce more in tune with the mood and tastes of the eighties.

Dill Cream Sauce (a mixture of soured cream and mayonaise very generously flecked with chopped fresh dill) is excellent. So is Mango Mint Sauce (a purée of mango and fresh mint, spiked with a little onion and lime juice, and blended with twice its volume of creamy yoghurt).

Les extravagantly, lobster and/or giant prawns can be used as the basis for a seafood salad splendidly eked out with such things as tiny fried squid and cubes of poached or grilled monkfish. Dres the fish with olive oil and lemon joice and give it a little extra excitement with a grating of fresh ginger or a handful of chopped coriander leaves. Add the fish, just before serving, to a bowl containing lettuce hearts, cucumber, spring onions, fresh peas and halved hard-boiled eggs, and serve with good crusty bread and a bowl of mayonnaise.

If shellfish is out of the question (for reasons of allergy or economy) poultry usually provides the answer to cook's prayers but I would avoid the safe sanctuary of old favourites like Coronation Chicken and Pollo Tonnato.

Gamey smoked chicken, for example, is a eautiful surprise when served with slices of juicy pear (or fresh lychees) and peppery watercress sprinkled with vinaigrette lightly thickened with a little curd cheese. Salt duck with toasted almonds and ripe purple figs is another luscious combination.

You might look to the East for fresh inspiration and revitalise your approach with ideas gleaned from such delicacies as Ivory Chicken and Chicken Tikka.

Ivory Chicken is made by poaching (preferably in the Chinese manner) and chilling a chicken in its stock to keep its flesh succulent, firm and perfectly white. The bird is then skinned and thinly carved; the meat is arranged with lightly steamed mangetout on a shallow bed of rice and a little sauce is spooned over. To make the sauce first aromatise several spoonfuls of hot arachide oil with freshly grated ginger. When cooled add a little rice win (or dry sherry), soy sauce and a sprinkling of chopped spring onions.

Chicken Tikka is totally different, but equally appealing and equally simple to prepare. It is in effect a variation on Tandoori Chicken. Strips of skinned and boned breast meat are marinated in a creamy paste of yoghurt and finely ground spices (such as cumin, cardomom and coriander seeds, chilli, garlic and root ginger), the mea is then grilled until crusted on the outside but tender within and set aside until cold. I serve he strips of spicy meat on a cool bed of sliced mango or cucumber scattered with mint leaves, and hand round a bowl of yoghurt and naan or pitta bread.

For a first course I would be tempted to choose globe artichokes, scrupulously denuded of their chokes and served with a thick herby sauce for dipping. Or quails' eggs which, for a touch of chic, might be accompanied by tiny rye bread and smoked salmon sandwiches rather than the usual plain bread and butter.

If I were worried about the weather, I might opt for flasks of piping hot Borsch or Bullshot Soup (good beef consommé with a slug of vodka)

The soft red fruits of summer are tailor-made for stylish finales. Classic Summer Pudding seems more irresistible than ever when each diner is presented with his or her own little pudding. (To make miniature summer puddings use individual soufflé dishes or large cocottes as moulds. Transport the puddings in the dishes and unmould them immediately before serving.)

Even more spectacular is a dish of Frosted Redcurrants (dip fat bunches of the jewel-like fruit into unbeaten egg white, roll them in sugar and leave to dry). Serve the sharp yet sugary fruit by itself or with Petites Suisses for creamy smooth contrast.

Philippa Davenport

Antique and classic modern cameras, photographs and a family album in Photographica '85, tomorrow at the Porchester Centre, Queensway, London W2

Collecting

Snapping up the bargains

SOTHEBY'S held their first London sale of photographic images and related material on December 21 1971. Since then the market has developed enormously in both Britain and America.

Attractions of both the image and the equipment were pertinently summed up by Sir Frederick Pollock at the Photographic Society of London on April 5 1855: "The varied objects to which Photography can address itself, its power of rendering permanent that which appears to be as fleeting as the shadows that go across the dial . . . are for purposes of history . . . a matter of the deepest importance."

Prices for some historic photographs have reached outlandish heights. An oval print of Abraham Lincoln and his youngest son, taken in Matthew Brady's studio in Washington in 1984, fetched £78,029 in March at Sotheby's New York. It was bought for the Forbes Magazine collection, and at that price almost doubled the previous record for a photograph.

What to collect? The adjuncts of stereoscopic photography—the production of a pair of images giving the illusion of depth when seen through a special viewer—are still a relatively undervalued field. Although a rare stereoscopic wet/dry plate camera, made by Petschler & Co of Manchester, sold for £3,600 to a German collector at Christie's South Kensington last year, a Goerz of Berlin stereo camera-cum-binoculars went for £1,000.

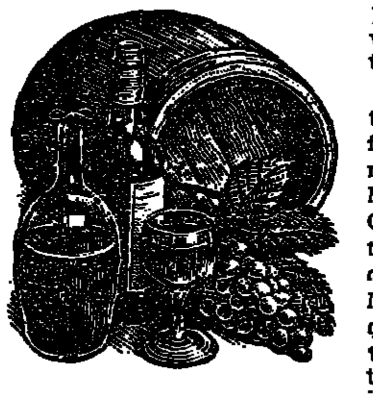
Groups of stereo cards, hardly ever considered for auction a few years ago, can be bought for under £100.

Look out for Victorian and Edwardian family portrait albums, twin-lens stereoscopic cameras of the 1890's in the £200 to £300 price bracket, stereo viewers from £50 to £150, depending on how sophisticated they are, and 1920's *Amateur Photographer* magazines.

A photographic collector's fair takes place tomorrow, 11 am to 5 pm at the Porchester Centre, Queensway, W2. Antique and modern classical cameras, period photographs, albums, books, magazines and lantern slides will be on sale by collectors and dealers from California, Holland, Germany and France, as well as the UK.

Interest in 20th century photography is recent. Buyers of contemporary art seem to find it easier to relate to modern work rather than to the more subtle, intimate photographs of the 19th century. With the John French fashion photographer exhibition at the Victoria and Albert Museum, fashion studies are coming to the fore. Man Ray (1890-1976), born Emanuel Rudnitsky in Philadelphia, is well established —"I paint what cannot be photographed. I photograph what I do not wish to paint," he said: an apt description of his work.

June Field



WINE

RECENTLY IN a London hotel a tasting took place, organised by the 50-year-old Wine Institute of San Francisco of 150 California wines, mostly Chardonnays and Cabernet-Sauvignons. If a challenging marathon for the tasters (I dropped out of the race at around 50), it was an impressive demonstration of the tremendous developments that have taken place there within, in wine-growing and producing terms, a very few years.

For although the revival of post-Prohibition California wine production on a large scale began in the mid-1960s, the huge expansion of the fine wine vineyards occurred only in the following decade. In 1970 there were no more than 20 wineries in the Napa Valley, but today there are about 140, and a similar increase applied to the adjoining Sonoma Valley, where there arenow at least 100. Between 1976 and 1981 the total in the state grew from 344 to 470; and now it is over 500.

Here in Britain a limited number of California wines had been seeping in from the early sixties. Avery's of Bristol was the pioneer with its sales of the celebrated Beaulieu wines. But extensive interest began less than ten years ago when the firm of Geoffrey Roberts, then in Chelsea, started importing from a large range of wineries. It was not a bad time to do so, as the pound was at 1.60 and later was to rise to 2.40, and all but a few special wines were not all that expensive compared with the finer clarets and white burgundies.

However, the great worldwide publicity boost for fine California wines took place in 1976 at what *Time* magazine called the Judgment of Paris. In a blind tasting there, organised by the English wine merchant, Stephen Spurrier, nine French experts sampled six California Cabernet-Sauvignons against four Bordeaux crus-classés and six California Pinot Chardonnays against four white Burgundies. A Stag's Leap '73 beat the '70s of Mouton-Rothschild, Haut-Brion and Montrose, while the first four Chardonnays were Californias, headed by Ch Montelena '73, with Meursault Charmes '73 in the fifth place.

In fact I do not think that the competition was altogether fair, because fine clarets develop more slowly than the rich, often high-in-alcohol, California Cabernets. This applies also to their full-flavoured, engagingly oaky Chardonnays. Nevertheless, the tasting showed the quality and interesting character of California wines, and there was a time in the following years when at any gathering of wine enthusiasts here in Britain, one was likely to be confronted, blind or otherwise, with one of its wineries' products. Californian wines, once associated just with such brands as Big Tree "burgundy," had arrived.

So too has now come a massive tome on every aspect of California wine: *The Book of California Wine* (816p, University of California Press/Sotheby Publications, £37.50). Edited by the distinguished Professor Maynard Amerine and the well-known wine writers, Doris Muscatine and Bob Thompson, it contains 53 articles by 44 contributors.

It begins with the history, which started in about 1770 when the Spanish mission fathers made wine for sacramental and secular use; and the grape employed was originally the Spanish Mission variety. This phase ended soon after 1833 when the Mexican Government, then ruling California, deprived the Franciscans of all their temporal activities. The next important stage started in 1861 when the Hungarian Agostan Haraszthy brought back from Europe 195,000 selected vines. Though none survived a new impetus was given to wine-making in the state. Then until they were expelled in the 1890s, Chinese labourers, at $8 a month and board, cleared ground, planted vineyards and dug cellars that can be seen today.

The next significant event in a record of often reckless, unsuccessful but dedicated enterprise, was Prohibition from 1919 to 1933. Curiously enough wine-making actually increased, owning to wine home-making that was subject to permit; and by 1925 45,000 of these had been granted in California alone. In the 1920s official estimates put average production at 111m gallons, and a peak in 1928 of 154m gallons, compared with pre-war consumption of only 53m galons. Yet although some firms, including Christian Brothers and Beaulieu survived by producing the permitted altar wines, there was no real recovery in California wine-making until after World War Two, and for fine wine only in the 1960s.

Edmund Penning-Rowsell

High-tech home

How a byte of Dinner led to interfaced indigestion

"THIS DOES not compute! This does not compute!" Thus the Daleks, in their metallic monotone, lamented illogical action by humanoids in the heady days of *Doctor Who*.

I think I see their point. My computer does not compute either, nor even utter a soulful cri de chip.

A year ago, in a bid to become rich and famous, I decided to write a wildly triumphant thriller. Plot characterisation, and structure were no problem; the real obstacle was the volume's volume.

I didn't fancy typing and retyping hundreds of pages of manuscript, so I did what every "blockbuster" author seems to do these days: I bought a personal computer and fitted it up with a word-processing programme.

My first was a Commodore 64, equipped with Vizawrite; and upon the green screen I soon chalked up (if that can be the phrase) 85,000 words. With a Brother typewriter, converted to act as printer, and only a modicum of headache and heartache, I soon had 220 pages of prose before me.

Next, my agent suggested a few changes, such as dumping of whole chapters and summary execution for much-loved minor characters. But before I could assemble bin and noose, a burglar (perhaps working for a rival publisher) nipped through my kitchen window and made off with my technology.

I was aghast. My insurance company was aghast. I decided will-know these publications, on to comfort myself with a quantum leap into the state of the art.

With no idea what this actually meant, I set myself to read a computer magazine. You newsagents' shelves, usually found next to "girlie mags" and Practical Photographer. In one I learned that Sir Clive Sinclair — he of the electric trike — had updated the software for the QL computer; and that the QL was now some hombre of a machine.

At my local retailer, where teenage salesmen speak a language the stranger cannot know, I enquired if their QLs were equipped with the latest software. "No trouble, squire. Bang up to date. You're gonna love it." £400 changed hands.

Back home, I discovered that the QL should be connected to my screen (which had not been stolen), using the Sinclair patent connector. Where was this. Ah, yes. Obtainable by mail order; I should allow 28 days for delivery. I raised this point next morning with my retailer. "Fear not, sir. We'll run you one up quicker than you can say byte, £5 and we'll call it quits."

"Dissembling," according to the Oxford English Dictionary, means cloaking, concealment, a pretence not to see. The salesman in this context should have been dressed like the man on a bottle of Sandeman port. When I connected up my apparatus and "loaded" my Quill word-processing programme, I found that I was in receipt of Version 1, which operated at a pace suited to a bygone age.

I wrote to Sinclair. Sinclair replied, just three weeks later, that the retailer had not lied. I had bought my QL in February; Version 2 only became available in March. But a copy of Version 2 was included with the letter "as a discretionary gesture of good will."

Next, my Brother turned out not to be my friend. Its interface—awful word—was no good for the QL. I must either change the interface (£150) or face up to purchasing a new printer. The new printer, an Epson RX 80+, and the mini interface to go with it, cost £850.

I now had a complete system. Freddy Forsyth's days as top banana of Big Fiction were numbered. Words inscribed in green burned into the memories of Sir Clive's miraculous microdrives. Some 10,000 later, I decided to print out my fingerwork.

No joy. The printer and its accessories squatted mutinously on the table in front of me. Two further journeys were required before it was revealed that the interface had blown.

With new interface, at last, I was ready to roll. I popped my microdrives back into their slots and prepared to let rip. "Load Dinner," I commanded—"Dinner" being the notional name of the re-write I had managed to complete.

Nothing; except a message indicating an error in microdrive two. Caramba. But I had a backup Dinner 2. I was not to be thwarted. "Load Dinner 2." Nothing. Error in microdrive two. The corruption had spread.

At this point the argument becomes theological. It is one thing for a single "saved" version of one's labours to be cast into the electronic void. For the backup—a "born again" cartridge—to be similarly inscribed with the Mark of the Beast is pure heresy.

Previously, my treks had taken me to Southwark and the Tottenham Court Road. With the software of the damned, I went up-market to Dorset Square, headquarters of Psion Ltd., designers of Quill. Could they help? My dinner was still in the oven, so to speak.

The Psion man was sympathetic. He booted my cartridge. He zapped it. He slapped its interface. Only once did he pause, to advise me to get rid of my microdrives in favour of conventional disc drives. Two hours later, some 2,000 of my lost words had been coaxed into making what was to be their final, guest appearance. The rest stayed put, stuck in Quill's craw.

I am a philosophical man, accustomed to life's hard knocks. I decided to cut my losses and start afresh, this time with random access to my own memory. In went Quill Two. No whirring. No clicking. The screen told me that the QL had been devised in 1983—which I knew. Beyond that, nothing was vouchsafed.

Back to the shop. The salesman—his mien that of a man used to dealing with imbeciles—wired it up and switched on. Bingo. Everything in order. "Mm. Could be the connector. Where did you get it?"

At the time of writing (on a typewriter), I have no idea what will happen next. Meanwhile on the nation's television screens, Sir Clive is to be seen almost nightly, dressed as Doctor Who, with long scarf, leaping over all sorts of other computers to come down squarely on the side of his own QL. Perhaps it's just me. I do not know. I do not compute.

Walter Ellis

All the grief and the anger of war

POEMS OF THE SECOND WORLD WAR: THE OASIS SELECTION
Editor-in-chief Victor Selwyn.
Dent £12.00 (cased), £4.95 (paperback), 416 pages.

The Great War of 1914-18 differed from the Second World War in at least five respects. First, it began in confident and unrealistic *euphoria*. *Secondly*, as it wore on, a general feeling grew among junior officers and other ranks that it was futile and that the game was not worth the candle. Thirdly, the suffering and casualties among our troops were far worse than in World War Two. Fourthly, the public at home remained largely unaware of this at the time, and lastly, *conscription* was not introduced until late in the war.

These factors affected the poetry of the Great War in two ways. First, a clear trend runs from the initial patriotic, pro-war poetry of Hardy, Kipling and Brooke, through the authenticity and accepting pathos of Rosenberg and Edward Thomas, to the horrified and bitter protest of Graves, Sassoon and Owen. Secondly, 1914-18 war poetry is largely "public" rather than "personal" poetry. (Or perhaps the personal became, by its very nature, "public.") *Initially*, poets wanted to write patriotic poetry for the public; *but latterly*, their successors felt with increasing desperation and anger that people at home must be made to realise the truth.

Nothing like this applied in 1939-45, since the war was universally accepted as justified and necessary, the casualties and squalid misery (for Britain) were less; everyone knew what was going on and the public at home suffered deprivation and casualties as well as the troops. Apart from increasing war-weariness, the public attitude *remained* consistently one of resigned determination. Consequently, no common preoccupations or trends can be traced in the poetry, there is no protest (only grief and anger) and far less emphasis on horror.

Second World War poems are almost entirely "personal." Also, unlike Hardy and Kipling, the established poets — Eliot, *Day Lewis*, Spender, MacNeice and Auden (who ran away) did not "go in for" war poetry. None of them appears in this anthology, which is, as one would expect (though through no fault of the editors) widely discursive in nature. Nevertheless, apart from the known and honourable dead, such as Sidney Keyes, Alun Lewis and *Keith Douglas*, it includes such respected poets as Gavin Ewart, *Vernon* Scannell, Roy Campbell, Lawrence Durrell, G. S. Fraser, Roy Fuller, F. T. Prince and Kingsley Amis.

Deliberately, the widest possible net has been flung. Excluding "Anonymous," there are 203 contributors (including 10 women) and 295 poems altogether — an average of just under one and a half poems per contributor. Two contributors only are represented by four poems and 11 by three. What conclusion do you draw? You are right. There cannot be so many poets of quality. Much of the *contents is poor, its only* merit authenticity.

Could the anthology have been better? It depends, as C. E. M. Joad used to say, on what you mean by "better." Personally, I would prefer a book of this length (329 pages) to have consisted of work by no more than about 20 or 30 poets of some merit; in which case we *should*, of course, have got more of each. However, this is not the editors' intention, which is expressed, by General Sir John Hackett in his Foreword, as being to exemplify "the cry from the heart that is wrung from quite ordinary people by what happens to them in war, a cry that . . . would never have been heard . . . in peace."

This is all very well, but a *critic cannot avoid the*, plain question. "Are the poems themselves any good?" Here one might fairly draw a comparison with *Hymns Ancient and Modern*. Some of them are very good indeed—a few, perhaps, destined to last—for the editors have taken care to include the acknowledged best, such as Keith Douglas's "*Vergissmeinicht*" *and F. T. Prince's* "Soldiers Bathing." And there are others, from relatively unknown hands, *which* movingly and effectively succeed in fulfilling that function without which, as Philip Larkin has said, a poem can hardly be said to exist in a practical sense at all; namely, of re-creating vicariously in the reader what the poet originally felt. Among these I am glad to have found for the first time Eugene D. Morgan's "A Prisoner Dies," John Jarmain's "Alamein," R. N. Currey's "Unseen Fire," *Norman Cameron's* "*Punishment Enough*," Sean Jennett's "Mahoney" and four or five more.

But as in *Hymns Ancient and Modern*, there is too much dross. The editors —self-admittedly as I understand their Introduction —have set out to be too kind to too many people. This is certainly one way of serving Phoebus Apollo, but it is not his own way. He is—and ought to be—a hard, discriminating master. Also it seems wrong to include, in the same book with F. T. Prince, Keith Douglas and Vernon Scannell, stuff on the lines of "*There was me and 'ole Bert in the Naafi, 'Avin' a couple of beers*," etc. (There's a lot of this sub-Kipling. Bert by all means: but should he not have his own, separate book?)

The arrangement by sections, subtitled "1939-40," "The Middle East," "The Home Front," "Air," "Sea," etc., doesn't really contribute anything to the understanding or enjoyment of readers more than 40 years on. A poem should stand in its own right, self-sufficient and self-communicating (like Collins's "How *Sleep the Brave*," *which may* or may not have been suggested by the battle of Falkirk. What does it matter now, in the transcendent light of the poem itself?)

This is an interesting book, a book worth having, a book consisting of about 20 per cent good poems. It certainly has one excellent and unusual *merit: since so many of the* poets are unknown, readers will be compelled to make up their own minds.

Richard Adams

Bill Brandt's photograph of Alun Lewis who was killed in Burma in 1944. He is one of the poets included in a new anthology of verse written during world war two.

Among the grown-ups with Alice Faye and Craven A

MRS HENDERSON AND OTHER STORIES
By Francis Wyndham
Cape, £8.50
160 pages.

I WISH THIS WAR WERE OVER
By Diana O'Hehir
Chatto and Windus, £8.95
278 pages.

ROUBLES IN WORDS, KOPEKS IN FIGURES, AND OTHER STORIES
By Vasily Shukshin
Translated from the Russian by Natasha Ward and David Iliffe
Marion Boyars, £8.50.

THE BREAD OF EXILE
By Karen Gershon
Gollancz, £8.95
184 pages.

Amazingly, except for some stories written between the ages of 17 and 21, *Mrs Henderson and other stories* is Francis Wyndham's first fiction. I say "amazingly" because the writing is so fluent, confident and well-organised that it seems like the outcome of long practice. *Of course he is a practised writer*, but fiction suits his turn of phrase and particular sort of imagination, the way he interprets action and sees people in this or that setting.

The five stories flow into one another; the longest belongs with two others (same characters and places) so that two-thirds of the book is almost a novella, covering the doings of a single family over several decades. The last story is (unsuccessfully, I feel) fantastic; well, slightly so at the end, and the delicate realism of the rest won't accommodate fantasy. But the others, simple-looking enough to swallow easily, intricate in effect, are all of a piece, times and social setting suggested more by *the style itself*, the words chosen and of course the dialogue than by description or the hefty use of brand names and artefacts.

The very first sentence shows this: "Henderson's people *lived in London*." That word "people" sets it just where it is, in a prep school in the 1930s, and that, more than Alice Faye films or Craven A cigarettes or Mrs Henderson's crepe de chine clothes, puts us where we are meant to be.

What is called "the crippling cocoon of embarrassed reserve" is examined in various situ*ations: the adolescent's dismay* at school at being asked out by a boy the wrong age whose parents are neighbours of his at home; the horror of dealing with, or of writing, letters of condolence; over-eager telephone callers and how to escape them. The surface is light but its undertones are serious. What comes across above all is the personality of Wyndham's characters, their looks but — much more — their effect, their presence.

For total contrast, in subject *matter and in style, there's Roubles in words, kopeks in figures*, with an introduction by Yevtushenko, plain tales from the Russian countryside that say a lot more than their plainness at first suggests, and *though not overtly political*, considered subversive by the authorities in the writer's short lifetime. Film director and actor as well as writer, he seems to have made a great impact on Soviet people, since tens of thousands attended his funeral in 1974, and 160,000 wrote to his family about him.

Diana O'Hehir's *I Wish This War Were Over* is a very attractive American novel set in 1944, with a lot of unexplained impulsiveness, which is appealing, and overflows from content to style, to what the narrator Helen gets up to. For instance, she stabs her lover with some nail-scissors

Her mother is an alcoholic, beautiful, sexy, impossible. In *their* left-wing-activist family she and her sister have looked after her like a child since their father was killed in the Spanish Civil War. Finally *they have enough* and pack her off from California to Washington, where, though increasingly decrepit, she still attracts men. Like them, one is torn between tenderness and exasperation, a feeling marvellously aroused by the writing.

On the way to rescue this helpless charmer, Helen meets one of her mother's ex-lovers on the train, another charmer and left-wing activist, and their affair runs parallel with the mother's story. It's sad and exact yet timeless: wartime America in the background, but what counts is the human heart. An enjoyable book, intelligent, funny and heartfelt.

A close *friend* of mine was a "transport child"—one of the Jewish children put on trains in Germany, Austria and Czechoslovakia in the late 1930s and sent abroad to total strangers and strangeness. As she talked a great deal about those early days in Britain, Karen Gershon's *The Bread of Exile* has, for me, a weird familiarity. In this autobiographical novel Inge, her brother Dolph (unfortunately named Adolf) and Rudi the friend they make on the journey, are bright, even brilliant youngsters from professional families whose teens are spent as servants and labourers but who keep in almost panicky touch for fear of losing the only contacts they value.

Bitter indeed is the bread they eat in their first English years, and if Inge is touchy (that's putting it mildly), small wonder. Their identity, for one thing, takes knocks at every change in their circumstances: Inge becomes Jill and Dolph, David; even the glamorous Sebastian whom Inge loves becomes Bill because "Sebastian" doesn't promote mateyness in the RAF. And they lose not just their names but a double set of cultural identities—their Jewishness, and their Germanness. Homeless in the deepest sense, they cling to the idea of a Jewish homeland, and even that seems to recede politically ever further. In exile everything is strange and wrong, from milk in tea to crucifixes and even attempts at kindness. To me it all rings poignantly true, and shame at our national crassness is my main reaction to this strong, close-textured, disturbing novel.

Isabel Quigly

Companionable compendium

THE OXFORD COMPANION TO ENGLISH LITERATURE
Edited by Margaret Drabble.
Oxford, £15.00
1155 pages

Nothing reflects taste and fashion so well as a reference book constantly in use. Social historians of the future will have illuminating fun comparing this new edition of *The Oxford Companion to English Literature* (the fifth) with the original one edited by Sir Paul Harvey in 1932. In her Preface, the present editor, Margaret Drabble explains that only a fifth of Harvey's entries have been retained, they include the many he gave on the work of Walter Scott which, models of their kind, she had not the heart to tamper with. The new editor confesses *to economising on allusions*, particularly classical ones, but says she has in most other respects pursued "the original policy of Harvey and his publishers, perhaps more closely than some would have done in my place . . ."

This policy was to compile "a useful companion" for "ordinary everyday readers." It is an aim which the book in front of me fulfills pretty well, bearing in mind that many more of those readers are, or will once have been, students of English at a university than in the 1930s.

Let me begin with the entry on Harvey himself. He rates almost half a column, about 10 lines less than Gabriel Harvey, the Elizabethan, but the same space as William Harvey the circulation of the blood man. We learn that in addition to the editing of the Oxford Companions to Eng. Lit., Classical Lit. and French *Lit* Harvey was a scholar and a diplomat. He died in 1948 and "the first stages of his distinguished career were watched over with interest by *H. *James and Lady *Gregory*, both friends who had known him since boyhood." An asterisk above a name means it is the subject of a separate entry. What the Harvey entry does not tell you — and why should it?—is that according to Leon Edel, Henry James was so impressed by Harvey's bearing when he was a boy, that *he used him possibly for the* young hero in *The Turn of the Screw*. Has the *Companion* now passed, some may ask, from the hands of little Miles to those of the governess?

This idle fancy led me to turn next to James's ghostly tale and to find an admirable summary of it. Acres of controversy are neatly packed into the conclusion: "It is left to the reader to decide whether these ghosts and their designs exist for anyone else in the story or whether they are simply the hysterical *fantasies of the young governess*. James himself described this story as a trap for the unwary."

The governess makes allusions to Fielding's *Amelia* and Mrs Radclyffe's *The Mysteries of Udolpho*. Here again the *Companion* comes up with all we need to know about these two novels. When the governess questions little Flora at one point the child turns her eyes away as if the question were "as irrelevant, or at any rate as impersonal as Mrs Marcet." Now who the devil was Mrs Marcet? Let's ask the *Companion*. Dead silence. *Hooray, we have caught* it out! Mrs Jane Marcet (1769-1858) wrote textbooks in the form of conversations which were much used by Victorian governesses. Her *Conversations on Political Economy* (1816) was highly regarded by Macaulay.

The range of contemporary authors has been considerably extended. There is a long entry for Paul Scott but none for J. D. Scott; Edna O'Brien and Flann O'Brien are in but Kate O'Brien is out: among novelists Kingsley Amis is in but *Richard Adams* is not. Among biographers Michael Holroyd is in but Michael Meyer is out. Richard Cobb makes it; Noël Annan and Frank Kermode do not. John Stewart Collis is in but Maurice Collis only rates a mention in his brother's entry. Desmond McCarthy is in; Raymond Mortimer and John Raymond are not. Stephen Potter is in; but Julian Maclaren-Ross is out (not even an honourable mention in the Anthony Powell entry); Marie Stopes, yes, *Sewell Stokes*, no . . . Charles Morgan gets short shrift and Walter Allen does not get any shrift at all. One could continue in this vein indefinitely but, I repeat, it is useful and it will be much used.

Anthony Curtis

Victims of the American Dream

THE AIRMAN AND THE CARPENTER: THE LINDBERG CASE AND THE FRAMING OF RICHARD HAUPTMANN
By Ludovic Kennedy
Collins £12.95
437 pages

They were both victims, *in* the end.

Richard Hauptmann died in the electric chair, for a crime he did not commit.

Charles Lindbergh merely faded away like an old soldier. He had been an authentic national hero, and might have been a national leader. Instead, he turned into a querulous, rich old man, who allowed the Nazis to play on his vanity, and lent the residual panache of his name to sad, defeatist Right-wing causes like the isolationist America First committee.

There was more to the similarity than that, though. A certain nagging counterpoint adds intriguing harmonics to *this stark tale of justice mis*carried and denied. Each was the incarnation of one version of the national myth.

Lindbergh was a Swedish immigrant's grandson from the Minnesota backwoods. He went straight from the daredevil world of the barnstorming pilots to ticker-tape parades down Broadway, tea at Buckingham *Palace and marriage to the* daughter of the senior partner in the House of Morgan.

Hauptmann was a young man Europe had no use for. He *was, as a matter of fact, the sort* of young man that the *freikorps* and the *Waffen SS* were recruited from: under-educated, energetic, a front-line machine gunner turned *Wandervoegel* and petty *thief* who had enough determination to stow away three times before he reached the land of opportunity, and enough drive to use the opportunity *when he got his hands* on it.

Richard Hauptmann worked as a carpenter, married a loyal German girl—she is still loyal, 50 years after his execution—bought a little house in the upper Bronx, and started to make and to save good money.

Like Lindbergh, he had a son he adored. Lindbergh's son was *kidnapped and, either before or* after he had paid over a $50,000 ransom, murdered. Hauptmann's bad luck took another form.

But for that one stroke of ill fortune, he was just the kind of man, sharp and stubborn, basically decent but not above cutting a corner, who has prospered in thousands and tens of thousands *in* business in *New* York over the past half century.

The bad luck—and here, too, the instinct for cutting corners may have played a part—lay in *the fact that he teamed with* a crook: a business partner called Isidor Fisch who systematically conned all the fellow German immigrants of his acquaintance including Hauptmann.

Fisch went off to Germany *on* holiday owing Hauptmann several thousand dollars and was inconsiderate enough to die there. He left behind in Hauptmann's house a packet *of nearly* $15,000 in bills that came from the ransom Lindbergh paid for his child. Hauptmann thought he would pay himself what was owed to him, and began to use the money.

Both men had wives whom they loved, and sons whom they adored.

Both wives are still alive.

Charles Lindbergh

Anne Morrow Lindbergh went on to win some fame as a sensitive poet and diarist. Anna *Hauptmann could only claim to* have survived, sharing a bed with her child, doing one shift in a bakery by day and another as an office-cleaner at night. Two facets of the American experience.

The State of New Jersey, after due and protracted ceremony, put 2,000 volts of current through one young father, on the grounds that he had kidnapped and murdered the son of the other.

There never was any evidence of any substance against Hauptmann, *as Ludovic Kennedy tells* the story, other than the ransom money found in his house, which Hauptmann could not explain, until it was too late, because of the dubious circumstances in which he had acquired it.

The rest was a sinister mishmash of lies, misunderstandings and fantasies piled up by *chance, hysteria, exhibitionism* and the desperate need for police and prosecutors, in the case of the century, to get their man.

Hauptmann was a victim not only of coincidence, but also of the strange anti-immigrant phobia which lies so close under the surface of American life—strange, because the immigrant is at once the generic hero of national mythology and the instinctive scapegoat when things go wrong.

In this atmosphere, the fact *that Hauptmann never for one* moment admitted guilt, not even when—these were the days of the "third degree"—the policeman had beaten him all over his body with a hammer, was taken, not as raising the slightest doubt about his guilt, but as an inexplicable peculiarity.

The trial was a public circus, in which the journalists behaved as badly as the police and the prosecutors. Only the governor of New Jersey, Harold Hoffman, sensed that a terrible *injustice was being done*.

Ludovic Kennedy has written three previous books about miscariages of justice, and he says he never meant to do another. His interest in the case was aroused by the chance experience of seeing Hauptmann's widow interviewed on television.

I find his argument for Hauptmann's innocence utterly compelling.

This is the painful story of a man who was punished beyond all proportion for a small sin of greed. Ludovic Kennedy has told it clearly, with insight but without false sentiment.

Godfrey Hodgson

Tory late developer

BALFOUR, INTELLECTUAL STATESMAN
Ruddock F. Mackay.
Oxford, £19.50
388 pages

Arthur Balfour held cabinet rank for a total of 27 years; longer than Liverpool, Palmerston, Gladstone or Winston Churchill. Although his government was overwhelmingly defeated in the Liberal landslide of 1906 and he resigned as party leader in 1911, he was still being canvassed as a possible Prime Minister as late as 1922.

Yet that was not quite *how* he started out. He shone neither at Eton nor at Cambridge. He liked playing tennis, conversation, debating and family life though he never married. One of his uncles was Lord Salisbury, who put him into politics.

Even then his political career was not assured. He became *Leader* of the House of Commons and was bored by it. He could scarcely abide the tedium of question time. It was *said that he lacked enthusiasm* for almost anything except games. Suddenly, however, politics became competitive like tennis. Ruddock F Mackay suggests that it was the surprising *Liberal victory in 1880 that* made Balfour realise that the political scene could be interesting, even a mental challenge.

Like his uncle, he was always a Conservative. Beatrice Webb (note the partner) asked him whether he had ever wished to bring about another state of affairs to what at present exists. He replied: "I am a Conservative, I *wish* to maintain existing institutions."

He was also an intellectual: hence the title of this book. His reading as well as his contacts were wide. In 1885 he wrote a note commending the "intellectual force, consistency, command of reasoning in general *and of* economic reasoning in particular" of Karl Marx.

He could be very perceptive, both about his own party and others. One of his first reactions to the landslide in 1906 was that in the end it would lead to the break-up of the Liberal Party, which was indeed what happened. The longer-term significance of the 1906 result was the *rise of the Labour Party*.

When he resigned the leadership, he said: "A slower brain would often be welcome to the party as a whole — someone who did not see all the factors in a situation."

Balfour probably did see all the factors most of the time. He remained in politics, kept lines to Churchill, Asquith and Lloyd George, for whom he developed a great admiration, and was an essential member of the wartime coalition. In 1918 he told Bonar Law, the Tory leader, that he would deprecate a reversion to "ordinary party controversy."

Much of this not very orderly book concentrates on his work on foreign and defence policy and, in particular, the formation of the Committee of Imperial Defence which, it is claimed here, was a forerunner of the cabinet secretariat. Some of the material is new. Certainly it shows that Balfour had a formidable grasp of foreign affairs and of the machinery of government.

What comes out most, however, is how the Tory Party was always quarrelling. As Prime Minister Balfour was beset by Joseph Chamberlain over tariff reform. In opposition he seemed to prefer Lloyd George to Bonar Law. How the notion ever arose that the Tories' secret weapon is loyalty is a mystery.

Malcolm Rutherford

Young writers

Ted Hughes, the poet laureate, was one of the judges for the 1984 W. H. Smith Young Writers Competition. The award-winning entries chosen by him and his fellow judges, chaired by Sir Jack Longland, have just been published in Young Writers—26th Year (Heinemann Educational Books, £2.95). Prizes worth more than £4,000 went to children aged between five and 16.

An attractive feature of the paperback book is a series of illustrations drawn by fellow-pupils of the winners. There are 63 in all and their subject-matter ranges from teachers, inevitably, to butterflies and washing-machines. Evidence of widespread talent abounds and *is well up to the standard of* previous years.

South Bank takeover

RICHARD PULFORD has just given up his job as number two at the Arts Council to concentrate on creating the new South Bank. From next April, the council will take from the GLC *full responsibility for that* entire complex, embracing the National Theatre, the National Film Theatre and the Hayward Gallery as well as the three concert halls.

The council knows its future could depend on whether it makes a success of this, its first major venture in direct control. It was the obvious candidate when the Government decided to axe the GLC but taking over flies completely counter to its recent policy which has been to switch cash away from London to the regions and to hand over day-to-day financing of the arts in the UK to regional arts associations. But now the Arts Council—or, rather, Pulford, who is likely to end up running the new organisation—will be in the firing line financially, artistically and politically.

Pulford faces tremendous problems. The first is the decision by the GLC not to co-operate in any way over the change in control — its *employees are forbidden to talk* to the council under pain of dismissal. It is quite possible that when the GLC quits the South Bank it will walk out with the computer tapes containing the data on future bookings, payroll, running costs and marketing plans. Pulford could, therefore, inherit some costly buildings with no knowledge about how to administer them or even what he has to administer.

The second problem is certain to be cash. The GLC has lavished money on the South Bank, developing its "open foyer" policy but stopping revenue-raising activities like letting the Festival Hall out for business conferences. There has also been a costly advertising and marketing programme. Total spending is at least £8m a year.

The Arts Council is getting £16m extra from the Government to finance its new responsibilities, but this sum is intended to cover all arts spending by the doomed metropolitan councils and will not be nearly enough. The only hope is that the surviving local councils will make good the shortfall, but this is unlikely, not least in London.

There is an additional psychological problem in that, before it expires, the GLC is likely to go on a spending spree. Peter Pitt, who heads the GLC arts and recreation committee, recently publicly encouraged *hard-pressed arts groups in the* capital to come to him for help. In comparison, the Arts Council, funded by a cost-cutting Government, is likely to seem like a grim accountant.

By its populist approach the GLC has succeeded in breathing some life into what is, visually, a sad memento of the unlamented brutalist architectural age. A million people visited the Festival Hall last year, not *to attend a concert but to* enjoy the art shows, free music and catering of the open foyer policy. A few—around 5,000 of the foyer loungers—actually became converted to concert-going. At substantial cost, the South Bank has become a mite jollier and shed some of its musty, middle-class image. There has also been an improvement in attendances—up 4 per cent at the Festival Hall last year to 65 per cent, the biggest rise for 12 years.

Despite the potential pitfalls Pulford has some advantages. For one thing, he has Ronald Grierson, the financier, who is consultant on the take-over, on constant call for advice and for contracts. He has £400,000 in extra Government cash to oil *the change, and that can* buy a lot of ideas. He also has the Government behind him.

It is not in the electoral interest of the Government that the arts in London should be seen obviously to suffer after the GLC goes. Lord Gowrie, the Arts Minister, has hinted that more money might be available if local councils fail to come up to scratch; and the Arts Council might refuse to undertake the burden if the money is lacking.

Richard Pulford of the Arts Council *Hugh Routledge*

The council has the extra *advantage of being the direct* paymaster, at least in part, of many of the musicians who will perform at its South Bank concert halls, and of the actors who will play in a National Theatre of which it is the landlord. It also has the experience of running the Hayward Gallery, and its recent Renoir show suggests it is perfectly capable of mounting a popular exhibition to deflate arguments by the GLC that it is elitist.

Pulford also is not utterly ignorant of the bookings which the GLC is still pencilling on to the schedule of the halls for a future in which it will not exist. The GLC now has to submit every such contract to the Department of the Environment for approval, and it would be strange if the DoE did not check back with the future management. In addition, the big orchestras, notably the Royal Philharmonic, have made bookings for well into 1986, as they must, and they quite naturally would tell the Arts Council, the source of subsidy, of their plans. So far, the repertoire in the early months of the Arts Council's reign will be identical to that under the GLC. *In fact, for all the populist talk*, the programme on the South Bank has changed very little in the past few years: it is still dominated by orchestral music.

The Arts Council's takeover *will not* be a hasty, last-minute rush. Once the GLC is legally abolished in the summer of 1985, the Government can proceed quickly. There is nothing to stop the Arts Council moving into the South Bank as early *as January*.

Pulford is unlikely to reverse the open foyer policy, although the art shows may be less political and the free music less obtrusive. He is thinking about letting out the halls to conferences but is not convinced the income is worth the arguments. He is conscious of the chance he has to draw the disparate South Bank activities together, to beautify the place, to centralise bookings, and to open it up to private enterprise in the style of Covent Garden although ambitious plans, like linking the Hayward to the Festival Hall by underground walkways, wait on cash—and Pulford is well aware that the South Bank will always need subsidy. In the early days he might have gaps in the programme: he will be operating in the full glare of publicity and there will be shortfalls in his knowledge.

Antony Thorncroft

Saleroom

Musical treasures

THE GREAT composers must be stirring uneasily in their graves. Mozart's crudities are being paraded before the millions in the film *Amadeus* while, of the three great tri-centennialists of 1985, Handel has been portrayed on television as boorish and Bach as bearish, while Domenico Scarlatti has suffered the indignity of neglect. Now comes Sotheby's on Thursday with its biggest-ever sale of musical manuscripts, letters and mementos uncovering more secrets of the mighty.

The most interesting lots relate to Beethoven. It has long been known that this *pugnacious bachelor had an* "immortal beloved" and the auction offers a picture of the most likely candidate, Antonie Brentano, and a gossipy letter to her, including an inscribed engraving. There is also a bust of another candidate, Giuletta *Guicciardi, the dedicatee of the* Moonlight Sonata. For more serious musicologists, the sale contains a previously unknown fragment by Beethoven and a letter in English (by his amanuensis) to his British publisher.

None of the items is cheap—the Brentano letter, with the engraving, carries a top estimate of £30,000 while the autograph fragment should fetch £15,000—but then, the market for musical manuscripts has flourished mightily in the past *five years*. There is an international demand for anything musical, with the same buyers bidding-up both scores and autograph letters. Stravinsky holds the record *price* of £330,000, paid for a manuscript of the Rite of Spring in 1982, but there are always new discoveries to stir up the market, such as the unknown Haydn Mass which sold for £140,000 at Christie's last year. Some composers are very rare indeed: items from Vivaldi and Gluck have not been available for years, but letters and music of more recent composers such as Schoenberg, Debussy and the Russians, Mussorgsky and Rimsky-Korsakov, would excite the auctioneers.

Sotheby's sale has width and depth. The top price is expected for Verdi's libretto for his opera *Ernani*. Although the words were written by Piave, Verdi always worked from his own transcribed copy and the libretto contains many changes. Since virtually all Verdi manuscripts, apart from letters, are in museums in Milan and Paris, Sotheby's feels pretty confident about putting a top estimate of £100,000 on this 37-page manuscript. There is also a batc of Verdi letters, and the mo interesting are forecast to mal around £8,000 each.

Mahler would not have bee too pleased to know that son lewd drawings of his youth a up for sale, especially as h widow expurgated his lette after he died. The drawings, i a letter that includes caric tures of politicians, carries a to estimate of £3,000. Some years later his problems led hi to consult Dr Freud, who co sidered Mahler suffered from Holy Mary complex (mothe fixation). Unfortunately, th composer died before the do tor's treatment had time to tak effect — *and before settling u* That didn't stop Freud fro sending a letter containing bill for 300 crowns — and th letter is valued at up to £5,00 in Sotheby's sale.

Mahler's music is in fashio at present—and so are the con poser's manuscripts. There none of his music in this sal but, as an indication of pric rises, a manuscript of Mahler First Symphony which sold fo £3,000 in 1959, had appreciate to £11,000 in 1971, while las year a copy made £143,000. contrast, *letters* by current disregarded composers lik Gounod, Meyerbeer, Saint-Saën and Massenet can be bought fo a few hundred pounds.

Perhaps the rarest item u for sale is a book of lute mus by Dowland and other earl 17th century composers, boun in a fine covering and kept i the family of the origina owners for more than 350 year Some of these first editions ar previously unknown, and th lot carries a top estimate o £40,000. Oddly enough, auto graph manuscripts by Kur Weill are also rare and th signed early song cycle "Ofrah lieder," could mak £12,000. Weill was 16 when h set the poems to music, an this work has escaped the atten tions of the New Grove, and hi biographers.

Other sale items include a large archive of letters by Rossini (up to £25,000) and another by Berg (around £500 each); a Walton manuscript (£2,000) and a signed handprint of Stravinsky (£800); a rare Schumann letter (£2,500); a piano work by Liszt (£2,500); and a lock of Brahms' grey-brown hair, cut by the maid who attended his last moments (up to £1,000). All musical tastes are looked after in an auction that should bring a song to Sotheby's heart.

Antony Thorncroft

Opera

O rare Handel

HANDEL's *Flavio* is a curious opera. Composed in 1723, in a succession of grandly heroic pieces, like *Ottone* and *Giulio Cesare*, it contains arias both stormy and as powerfully elegiac as any, yet has hints, too, of the jocular, even the farcical. When Guido and Emilia, the principal lovers, celebrate their union, it is literally over her father's dead body—Guido has recently killed him. The opera is based on a Roman libretto of the 1690s, which incorporates ideas from Corneille's *Le Cid*. If, as Winton Dean says, Handel's intent is parody, one is bound to ask why he composed such a piece just then, as he was helping establish heroic opera. Yet the tone of much of the music leaves little doubt that some of the characters' utterances are meant to be taken slightly salted.

It is not surprising that the work has been only rarely revived. It poses special problems to a producer. John Eaton, who staged the Abbey Opera production at St John's, takes the easiest way, for which no one need blame him. The comedy is given good value; tragedy is skimped. We are allowed to sympathise with Emilia's grief, but not for long, and we are invited to chuckle at the two fathers who pursue their family feud and at the courtier, Vitige, who sees his beloved respond to the advances om Flavio, King of the Lombards. Indeed, on Thursday night Vitige readily addressed his confidences to conductor, bassoonist, and front row of the audience, while Flavio lowered his dignity well below permissible regal levels. Once again, we had a Handel opera revived by a producer whose actions proclaim insufficient confidence in the music.

But the music was done with a good deal of conviction under the vigorous baton of Anthony Shelley, who had the Abbey Orchestra play in lively, strongly rhythmic fashion. Sometimes, he pressed forward too anxiously; here and there, he monkeyed with the orchestration and let singers (and players, too) add inapt ornamentation. Tom Emlyn Williams showed an excellently defined counter-tenor in *Flavio's music*. The rest of the cast alternated: of those I heard, Rosemary Middleton's warm, soft-textured tone did justice to the beautiful arias in the prima donna role of Emilia, while Amanda Hughes-Jones sang expressively, if too vibrantly, in the principal castrato part. Joy Robinson was spirited and shapely in Vitige's music, and Carolin Graham was a tasteful, if small-toned, Teodata. The opera was sung in a clear translation by Richard Burgess Ellis.

Stanley Sadie

A refrain of back to Bach

Records

J.S. Bach. Matthäus-Passion (St Matthew Passion). Popp, Lipovsek, Schreier, Adam, Büchner, Holl/Leipzig Radio Chorus / Dresden State Orchestra/Schreier. 4 records in album. Philips 412 527-1.

J.S. Bach. Complete cantatas, vol 35. BWV 140, 143-146. Bergius, Cericius, Pfeiffer, Esswood, Equiluz, van Egmond, Hampson/Tölzer Boys' Choir / Concentus musicus Vienna/Harnoncourt; Hanover Boys' Choir, Collegium vocale/Leonhardt Consort/Leonhardt. 2 records in album. Teldec (Das alte Werk) 6.35 653-1, 2.

Does one, looking in from the edge of things, detect a slight lack of enthusiasm for the Bach celebrations compared to the Handel ones? Bach is, and ought to be, always with us. Handel is still being rediscovered. The operas have been accepted for some time by specialist audiences but are only now reaching the wider public on whom a safe position in the repertory depends.

Bach marks one deeply at the impressionable stage. Reaction however may be keen and lasting. Happily it can co-exist with *continued admiration on a submerged* level. I found that re-immersion in this music awoke slumbering memories of the Bach cult at Oxford before the war. Comic yet saddening memories, of the superior attitude adopted by the faithful full of pity and charity and knowing-best. One learned what it was to be excluded from an élite, but I can't say it mattered much.

One is not thinking of the big men who ran the Bach Choir and the Oxford Orchestral Society (to name two prominent institutions), the Hugh Allens, Williams Harrises, Thomas Armstrongs and Sydney Watsons, who had far too much to do to spend their time striking attitudes, but of those good, rosy-cheeked ladies sawing loyally away at the string desks, and those young gentlemen who went off for the long vac with a pile of records of the Brandenburgs—the Tablets of Moses. Bach became confused with early chapel, cold baths and compulsory games. I am sure many of his admirers really did play a Prelude and Fugue from the "48" before breakfast every morning.

British musicians, one is tempted to generalise, are happier on the whole with Handel than Germans, who miss something of the sensuousness and worldliness. To Bach, however, German musicians perhaps bring more detailed knowledge and assiduity—and they don't bother with the terrible "sacred" feel that still hangs about British Bach performances in spite of the admirable example of Britten. In pre-Pears days one heard British tenors sing the part of the Evangelist with a sentimental smarminess the more unwelcome for being presented with considerable skill.

There is not a hint of that kind of approach in the superbly accomplished Evangelist of the German tenor Peter Schreier in the Philips Matthew Passion directed by Schreier himself. This is a Saxon recording, made in St Luke's church in Dresden with the local Kapell-knaben (boy's choir), the famous State Orchestra and the Leipzig Radio Chorus from the city where Bach wrote the work and first *performed it. Sound quality* and balance are consistently excellent.

One of the reasons for Schreier's success is that he and his colleagues seem not at all troubled by the strong dramatic undercurrents in the Passion—*in fact they emphasise them*. In the days of which I was writing, opera was still regarded in the English Bach world as a suspect activity, to be treated with care and condescension. The same sense of drama informs the striking Christus of Theo Adam, not remotely theatrical but movingly direct and simple, the voice at this stage inevitably mature but never ponderous.

Of the aria soloists Lucia Popp and Marjana Lipovsek introduce a pathetic element not entirely in keeping, but Popp's tone blending with flute and oboes da caccia in "Aus Liebe will mein Heiland sterben" is irresistible and the richly gifted mezzo Lipvsek even succeeds in holding one's interest through the interminably rhetorical "Können Tränen meiner Wangen." Eberhard Büchener is clearly a fine Evangelist in the making. The Dutch bass Robert Holl, strongly musical, is a little boxy in tone. He keeps his head valiantly above water in the formidable "Komm, süsses Kreuz" with the wheezing, leaping, gut-scraping gamba obbligato.

The Teldec complete cantatas for "Das alte Werk" reach volume 35 with two discs covering BWV 140, 143, 144, 145 and 146 (the missing ones have for different reasons been removed from the canon). Anyone who still flinches at the words "church cantata" must hear at least 140, the justly famous "Wachet auf" or "Sleepers, wake" given here with infectious freshness and immediacy by the brilliant Tölzer boys' Choir and the Concentus musicus of Vienna under Nikolaus Harnoncourt. Textures in the Philips Matthew Passion are light enough in all conscience. Here, with original *instruments*, they are luminous and tingling.

Harnoncourt also directs 145 and 146 ("Wir müssen durch viel Trübsal")), which has two movement familiar from the D minor keyboard concerto (they come up freshly) and a splen*didly bouncy tenor/bass duet* "Wie will ich mich freuen" (Kurt Equilux and Thomas Hampson)—a dance of God indeed. The boy soloist in the two Jesus soul spiritual love duets in 140 is Allan Bergius, performing with fine judgment.

Gustav Leonhardt with his own Consort, the Hanover Knabenchor, and the Collegium vocale, offer BWV 143 and 144. It may be partly due to the music that their performances sound colder, more Northern. 143 is not much, 144 ("Nimm, was dein ist") is spare and energetic with a fine also solo (Paul Esswood, most natural-sounding of counter-tenors). Sound immaculate, presentation scholarly with scores (magnifying glass desirable) as well as texts and notes. In these cantata performances as in the Dresden Passion, one is conscious of the music's dramatic affiliations, an aspect of Bach not always stressed in English readings.

Ronald Crichton

Edinburgh Festival plans

"The Auld Alliance" between France and Scotland will be confirmed at the Edinburgh Festival this year, which has a pronounced French accent. The Opéra de Lyon is bringing across its acclaimed L'Etoile by Chabrier and its new Pelléas et Mélisande by Debussy; the Orchestre National de France and the Orchestra de Paris will be playing much French music; and the Company Renauld-Barrault is returning to the Festival with Hugo's Angelo, Tyran de Padoue.

The French influence is pervasive. John Wells is offering Turkey Trot, a new translation of Feydeau's Le Dindon for the Theatre of Comedy; Scottish Ballet is presenting its première of Bizet's Carmen; there are two Molière plays, one performed by the Belgian National Theatre and one in Scots with Rikki Fulton. Nureyev, Paris Opera's director of dance, will be at the Festival to take the lead in Scottish Ballet's La Sylphide — and also to dance a specially choreographed solo during a performance of a Bach cello suite directed by Yehudi Menuhin.

But not everything is *Gallic. The Russians* are offering Gennadi Rozhdestvensky's new orchestra, the New Symphony and the Moscow State Circus with Popoc the clown. From the U.S. there is the Pittsburgh Symphony under Maazel, and *Connecticut Grand Opera* with Menotti's The Consul; Japan is supplying a Macbeth, in Japanese, and there is a rare theatre group from South Africa, the Baxter Theatre of Capetown, with Miss Julie.

Art is strong, with an intriguing display of artifacts dating from between 2800 BC and 1200 BC. There is poetry, and that old Scots play The Thrie Estates; there is Spanish Zarzeula and Carlo Curley at the organ; and very much more. *Edinburgh* Festival director Frank Dunlop has put together one of the most promising programmes for many years.

A.T.

Radio

Redgrave memorial

TWO SHORT pieces proved a modest memorial for Sir Michael Redgrave, but both were in Radio 4's best vein. *The Power of Dawn* was an imaginative account of Tolstoy's death at Astapovo railway station, written by Emlyn Williams. An old peasant (Gwen Ffrangcon-Davies) recalls the hours in which she kept the dying man company. We hear her as a young woman (Felicity Hayes-McCoy), commenting on Tolstoy's disclosures of the faults that he saw in himself without ever showing himself other than a great and mostly good man. *Performing Flea*, the other on last weekend, assembled readings from P. G. Wodehouse's autobiographical writing. A short visit to Lord Emsworth, then into the Wodehouse home in Remsenburg, Long Island. He talks about his early days as an incompetent bank clerk, his weakness for stray cats and dogs, his wartime broadcasts, his views on thrillers, humorists, smoking, television. Too many of us can remember what Plum sounded like to allow Redgrave as much imagination as he brought to Tolstoy; but I once spent a day with Wodehouse at Remsenburg, and it came back wonderfully sharply. What a pity we couldn't have had Gwen Ffrangcon-Davies as Ethel, later Lady Wodehouse. Both these programmes were originally broadcast in 1978, when Redgrave was 70.

I couldn't ignore *It's Your World* on Sunday when Mrs Thatcher was at the wicket. The intrinsic failings were, if anything, magnified. Did we really want to hear the sycophantic bwana from Nairobi ask, once he had expressed his esteem, who she most admired? Next Sunday, for the Narobi listener, we begin six programmes of *The Thatcher Phenomenon*. Funny, I don't seem to remember *The Churchill Phenomenon* on the radio, only in parliament.

We are already in the foothills of the 40th anniversary of VE Day, or VE Day as it became when we remembered the fight in Burma. Radio 4 is [illegible] called *The* emphasise the fact that to stop fighting is not to make peace. Dr Adenauer was the first of them, Clement Attlee the second, and both worth a programme if only to remind the young of the present age that they existed. Also on Radio 4, there was a programme on Sunday recalling what it was like to be in a fighting unit when the forces opposite you were still liable to fight you, no matter what was going on elsewhere. Alastair Borthwick reminded us in *The Last Four Days* that, when the Germans were retreating, they retreated on to their ammunition dumps and fired it all off as fast as they could.

This week's Monday Play, *The Voyage to Van Diemen's Land*, by Carolyn Sally Jones, was a period piece, set on a convict ship bound for the Antipodes in 1832 overloaded with striking coal-miners convicted of rioting. Sneed, the mate (Michael Tudor Barnes), is sadistic and greedy. He drugs the captain (Colin Starkey) by getting the surgeon (Joe Dunlop) to dose him with laudanum, so that he can take over. But Lewis, the convicts' leader (Gareth Armstrong) is expected to lead them in a mutiny, though why they expect him to, when he is teaching Sneed to read out of *Paradise Lost*, is hard to see.

In a *bizarre conclusion*, Sneed is shot while trying to protect Lewis from one of his mates; and the captain, a wet when he first came aboard, is awakened from a month's drug-induced sleep and soon has the convicts at a church parade. It's like an early Victorian children's story, dramatised in early Victorian dialogue. "Tonight I can look at the moon," Sneed says, "and not see her as a strumpet with pits on her face." "There is something," Lewis says, "that fetters us all, our weakness, our fears." I suppose a lady writer aboard a convict ship is unlikely to turn out Charles Reade or R. L. Stevenson, and a lady director, Kay Patrick, will not add much in *the way of realism*, apart from the wind and the rain.

Asa Briggs, who has already written a four-volume history of broadcasting in Britain, has now done a single volume, *The BBC: the First Fifty Years*. This is not an abridgement but a new work, solidly researched and easy to read. Publishers, OUP, £17.50 (439 pages).

BRIDGE

THE annual match between the Lords and Commons was held last month at the Inn on the Park.

The Lords started well on hand number one, bidding and making a slam (which was not reached by the Commons), and after three boards were in the lead.

Then came the best played hand of the match:

West dealt at love all. North opened the bidding with one club, East overcalled with one spade, South said one no trump, and, North's raise to three no trumps concluded the auction.

West started off with the heart Knave, East overtook with the Queen, and cashed Ace and King. At this point he wrongly returned his last heart—he should surely have returned the diamond nine. West led back the spade two, which ran to Queen and King. The declarer, who had thrown two diamonds *from hand* and a spade from dummy on the hearts, cashed the spade Ace, and West discarded a diamond. Knowing now that East had nine cards in the majors, South cashed dummy's three club honours, throwing another diamond. He crossed to his diamond King, and cashed the Knave of spades—the "squeeze" card—*bringing pressure to bear upon West* which West could not withstand. West had no good discard, and had to set up dummy's club three or diamond four.

A nice example of a non-simultaneous double squeeze by the Commons declarer.

The House of Commons, who won on the post last year, ran out comfortable winners.

	N ♠ A 5 4 ♡ 5 4 3 ◇ A 4 2 ♣ A K Q 3	
W ♠ 2 ♡ J 10 9 6 ◇ Q 10 8 3 ♣ 10 7 6 4		E ♠ Q 10 9 8 6 3 ♡ A K Q 2 ◇ 9 ♣ J 8 2
	S ♠ K J 8 7 ♡ 8 7 ◇ K J 7 6 5 ♣ 9 5	

CHESS

CERTAIN CHESS openings are the subject of extended controversy as grandmasters argue the white or black causes.

A case in point is the Dragon variation of the Sicilian Defence 1 P-K4, P-QB4 where Black follows up by an early . . . P-KN3.

Experience of one critical line is that White should simplify exchange queens, and rely on his pawns to control more space. An earlier plan, to press home a direct attack, has been virtually refuted. In the latest Dragon game, played in a West Europe zonal match, White tried to revive the attacking idea but his plan was based on a fatal tactical oversight: Black sacrificed a queen and rook to force mate.

Sicilian Dragon (zonal playoff 1985).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 B-K3, B-N2; 7 P-B3, N-B3; 8 Q-Q2, O-O; 9 P-KN4, B-K3; 10 O-O-O, NxN; 11 BxN, Q-R4; 12 P-QR3, QR-N1; 13 P-KR4, KR-B1.

14 P-R5. *An immediate* 14 N-Q5, QxQ ch; 15 RxQ, NxN; 16 BxB, KxB; 17 PxN, B-Q2; 18 P-R5, P-KR3; 19 PxP, PxP; 20 B-Q3, R-KR1 (Nunn-Karlsson, Helsinki 1983) gives White little since the black king can centralise via KB3. White plans to advance his pawn to KR6, hem in the black king, and only then simplify.

14 . . . P-QN4; 15 P-R6? Strategically correct, tactically a disaster. Best is 15 N-Q5, QxQ ch; 16 RxQ, NxN; 17 BxB, N-K6 (if KxB; 18 PxN, B-Q2; 19 P-R6 ch with a better version of Nunn-Karlsson); 18 B-Q4, NxB; 19 RxN, P-QR3; 20 P-N5 (so that if PxP; 21 R-R1) with a marginal endgame advantage for White.

15 . . . P-N5; 16 PxB, PxP; 17 N-Q5.

In a well-known game Plaskett-Watson, Brighton 1983, 17 Q-R6, PxP ch; 18 K-Q2, BxP! (19 PxB, P-K4!) proved winning for Black. The Portuguese champion here attempts an improvement . . . .

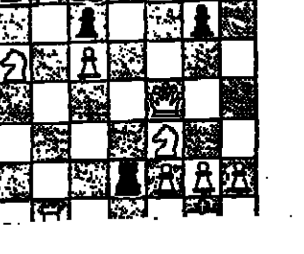
17 . . . PxP ch; 18 BxP, RxB!

A terrible moment for White. A world title eliminator, a vital game, a novelty carefully prepared, and instant disaster. If 19 QxQ, RxP mate.

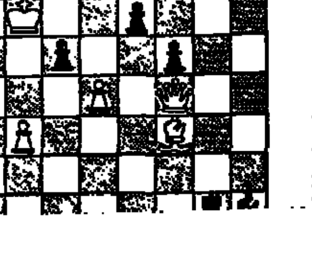
19 NxP ch, KxP; 20 Q-R6 ch, K-R1; 21 NxB.

Or was it this position that White misjudged? Black is a rook down with two pieces en prise

BLACK (10men)



BLACK (8 men)

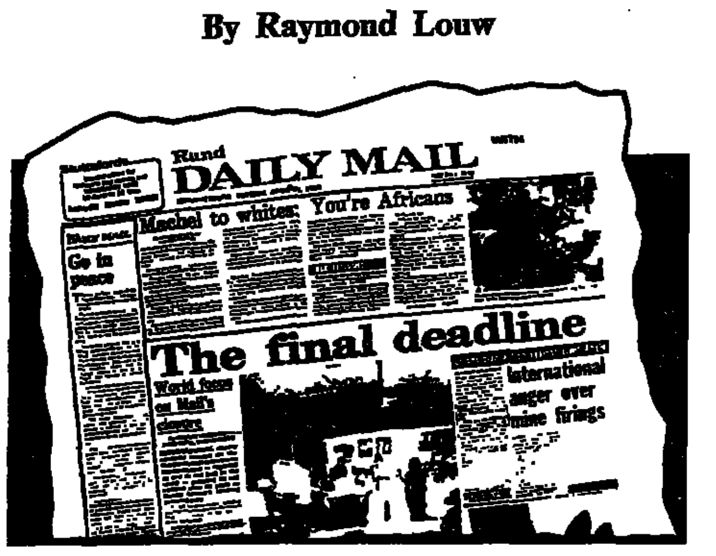


WEEKEND FT

Communications

Why the Mail ended as a dead letter

By Raymond Louw



THERE is a terrible irony about the closure this week of the Rand Daily Mail, South Africa's biggest morning daily. The paper spent the last half of its 83 years standing up to threats of closure by the South African government. However, the death warrant was finally signed by its owners, South African Associated Newspapers.

They gave as their reason the newspaper's losses, R45m (about £18.4m) over the past seven years, now running at R15m (about £6.14m) a year and threatening the company's profitability. The company itself was nearly R20m (about £8.2m) in the red when the closure was announced.

It had often found itself in the eye of the storm, attracting fierce hostility from government; its reporters, photographers and editors harassed, spied upon, arrested and some imprisoned without trial or arraigned befort courts on charges that sometimes carried severe penalties. Some were shot at or beaten, some lost their passports and some were banned.

Another tradition of the Mail, besides political protest, was firing editors. Its first editor, Edgar Wallace, later to achieve renown as a writer of thrillers, was fired—for extravagance. The paper was founded in a crowded bar at the Johannesburg Heath's hotel. Wallace, who had been a bright young reporter on the London Daily Mail, brought Fleet Street's high-spending practices to the Transvaal veld blissfully unaware that the new paper did not have Fleet Street resources. He went.

As editors came and went, the earlier years of the paper were marked by the support of white privilege and a jingoistic adherence to England and British Imperialism.

The old order changed with the arrival of Laurence Gandar, a former army intelligence officer, in 1957. A trained journalist, he had had a spell with the Anglo American mining group as a public relations adviser. He brought a new style of journalism, inspired his staff with a missionary zeal and set about de-racialising South Africa.

He switched the paper's support from the irresolute United Party to a breakaway group who formed the Progressive Party, the first parliamentary party which was prepared to give limited political rights to blacks.

He became a spokesman of the voiceless and voteless, exposed injustice and the rottenness of apartheid and finally published a series of articles exposing the unsavoury features of the country's prisons.

Conservative readers were startled, embarrassed, angered. Some stopped advertising; some stopped buying the paper, others threatened Gandar's life and somebody pumped bullets into the newspaper office. The Government thundered warnings of closure. A growing body of liberals and blacks applauded. Awards came from overseas—in the past 30 years the paper won more international and local journalism awards than any other South African paper. And Gandar's successors carried on the policy.

But, economic pressures mounted. With the start of television and bad marketing decisions profits declined and in 1976 the paper slipped into the red. Budgets were cut and resources reduced. The management and advertising staff, never pleased with the Mail's political thrust, despaired of being able to rescue it and their *selling and marketing efforts* petered out into a casual, routine operation. The paper shrank in size.

Another attack came from the *rival* Argus Company, owner of the country's major evening papers, and a major shareholder in SA Associated Newspapers. Two years ago it launched a frontal attack on the Rand Daily Mail by moving the Saturday edition of its evening, The Star, into the morning slot.

Finally, the Argus threw a left hook by launching the Sunday Star, which took the competition to the Rand Daily Mail's sister publications, the ailing Sunday Express and the highly profitable Sunday Times.

The real target was the Mail and in that Argus succeeded. The financial drain was too great. SAAN decided to close the Rand Daily Mail, merge the Sunday Express with the Star and close two smaller titles. The Mail's financial section, Business Day, is to rise from the ashes as a fully-fledged financial daily on its own.

But were the reasons for the closure only financial? Management felt the editors had produced a paper with a split personality, being sold to two markets at the extreme ends of the social scale, one the high-income white and the other through a special "extra" supplement to low-income blacks in the townships around Johannesburg. The new Business Day can only be seen as an attempt to jettison the blacks.

The ex-editors believe that the Mail was killed off because its management and board had grown weary of this petulant child which upset the orderly reformist programme *outlined* (vaguely) by State President Pieter W. Botha. The ex-editors' view was that the board and management felt *that the paper's style achieved* little and tempted the government to stamp on it. The board, the ex-editors felt, had lost any sense of mission, had become *frightened of the Messenger*—the messenger of bad tidings—and so put him to death.

But the Mail was an extraordinary messenger. It supplied its sister morning papers in Cape Town, Durban, Port Elizabeth and East London, with a news service which reflected its particular brand of journalism. It was also the biggest contributor of news to the co-operative news agency, the South African Press Association.

Two of its sister papers, wholly or partially owned by SAAN, are now likely to suffer the same fate. They will incur the extra costs of obtaining a substitute news service from Johannesburg and take over the "Mail's" 24.5 per cent financial contribution to the co-operative morning group news service with its overseas bureaux and correspondents. So the SA Press Association will have to turn to government-supporting papers.

In killing the Mail, SAAN's board will have killed much of the objectivity in the country's news disseminating network. It *will then be only* a matter of time before the liberal opposition of the Progressive Federal Party becomes a lonely voice in the wilderness.

Raymond Louw is one of the dismissed editors of the Rand Daily Mail and now publishes Southern Africa Report.

Sport

Australians fear they're over but out

MALCOLM FRASER, a former Prime Minister of Australia, once said that he would be happy if he restored sport to Australia's front pages, because it would suggest *that all* was well elsewhere — with the economy, for instance.

It was a perceptive comment, for if there is one thing Australians like to read about it is sport, especially if the events being described involve hideous punishment of foreigners, particularly Kiwis and Poms.

Occasionally there is a famous win to celebrate, such as Alan Bond's victory two years ago in the America's Cup, the seventh and deciding race of which I watched on television in a motel room in Ballarat, while around me the living whooped and cried and the ghosts of old goldminers jigged in the streets.

More prosaically, the arrival of Australia's Test cricketers in London this week rated only half-hearted coverage back home, partly because Australia is at present cricket-sated, and partly—I suspect—because news editors in Sydney, Melbourne, Brisbane and the bush nurse a finely-honed suspicion that the current Australian Test side, led by chunky Alan Border, is not only sub-standard and about to lose the Ashes, but is heading for unspecified disaster.

I may be wrong. If I am, I am sure to be roasted at the next Sunday barbie, for it is my *role at such affairs to provide* a drollery or two about the state of Aussie batting with which to start the fire.

(The tour starts tomorrow, with a game at Arundel against the Duke of Norfolk's XI).

Equally, the lack of excitement Down Under over the arrival in London of Alan Border's men can be attributed to two meatier episodes of late.

The first involved the resignation of Sir Edward Lyons as chairman of the Queensland Tote betting board after leaked audits showed that he had breached Tote rules by placing A$317,968 (£165,343) in credit bets over a recent 12-month period.

Sir Edward, who drives a blue Rolls-Royce and is the newly-appointed chairman of Alan Bond's GTO Channel Nine TV station in Queensland, said he had done nothing criminal or illegal.

Nevertheless, he is a trustee of the National Party in Queensland and close friend of the State's eccentric premier, Sir John Bjelke-Petersen, so the story was too good to miss, particularly as it followed close on the heels of totally unrelated disclosures about the epidemic of horse-doping in Queensland, where even the milk-horses are staggering.

The second episode helping to drain some of the excitement from the Test tour of England involves the rival cricket squad formed to undertake a rebel tour of South Africa.

Opposition to the rebel cricketers within Australia is vastly more diluted than the opposition in New Zealand to the All Blacks' forthcoming tour of South Africa.

Nevertheless, the rebel party has siphoned off several players from the official Test squad and infuriated the Labor Government in Canberra, which isn't difficult.

Bill Hayden, Australia's Foreign Minister, who is quite a card—he is in the habit of referring to Prime Minister Bob Hawke as the "drover's dog"—said that what the cricketers would get for playing in South Africa (variously reported at up to A$200,000 for two seasons of only limited work) would be "nothing less than blood money."

Hayden also promised that Australia would support a UN vote for an international economic boycott of South Africa, and launched a voluntary code of conduct for Australian companies operating in South Africa, hoping to persuade them to treat their South African workers the same as their Australian counterparts.

Given that many Australian workers enjoy luxury featherbedding and are pampered like orchids, that was pretty good.

Whatever Canberra says, there is a rich vein of opinion that supports the rebels. For example, John Stone, formerly head of the Treasury in Canberra but now established as an after-dinner speaker and right-wing commentator, denounced the "*outbreak* of public bullying of Australian cricketers choosing to play in South Africa," adding: "As free men, in a free country, those concerned should long since have told Mr Hawke, Mr Hayden, and the rest of these bullies to go to blazes."

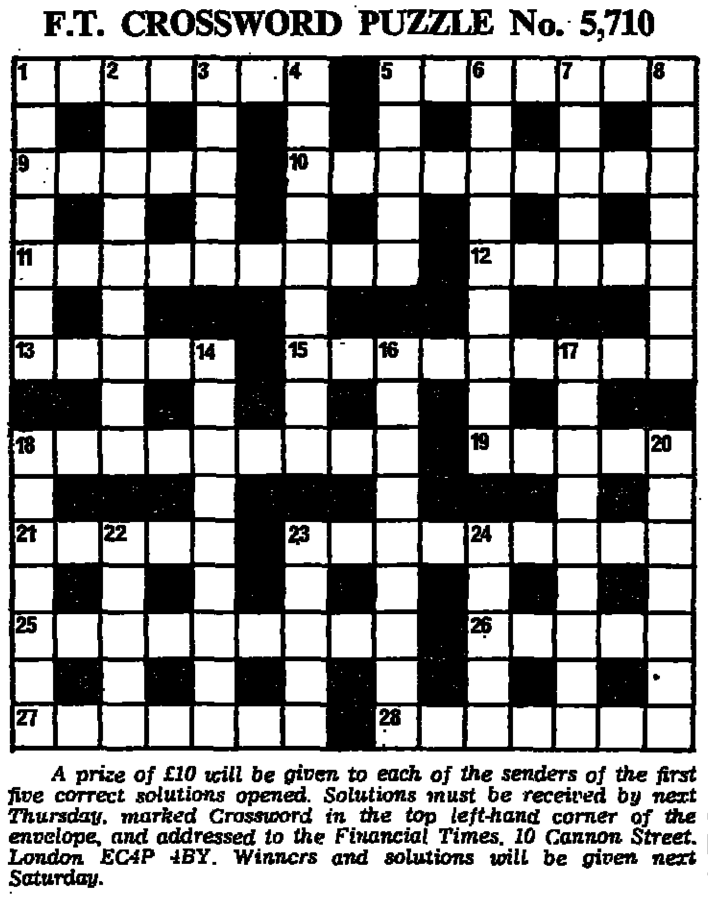
On Thursday, writs against the rebels were issued in Melbourne by the Australian Cricket Board, whose authority in the matter seems to be negligible, or at any rate not great.

Alan Border's Test squad will do the best it can; but don't hold the Front Page.

Michael Thompson-Noel

Called up for a final fling as a tour replacement, Australians are hoping paceman Jeff Thomson, 34, can find some of his old fire in England.

F.T. CROSSWORD PUZZLE No. 5,710



A prize of £10 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London EC4P 4BY. Winners and solutions will be given next Saturday.

Name ....

Address ....

....

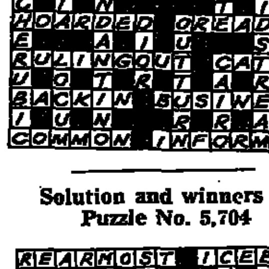
ACROSS

1 Calm sea? (7)
5 Boy takes in an expert in a pub (3-4)
9 Harmonise one tune? (5)
10 Sort of order for the miners Heath left (9)
11 Fighting to make a debt melt (9)
12, 13 Assault can ruin present bearer (5, 5)
15, 18 One fast on the beat to prevent strikes? (9, 9)
19 Cat I have in carat (5)
21 Stray dog? (5)
23 As quick as first-class mail? (4, 5)
25 Painter with a handicap in verse (9)
26 Bit of flower (translating "Blume") (5)
27 Ill-fated horse, female, in reactionary gutter press? (7)
28 Chuck about a form of eel like the Pobble (7)

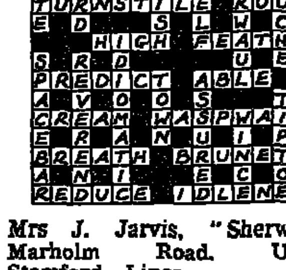
DOWN

1 French composer and bird (North Carolina) (7)
2 Bill turns in series which is painful (9)
3 Fast in prison (5)
4 Called in strangely, model that's not too bright (6-3)
5 Afraid to take up part of Nunc Dimittis (5)
6 Act II's badly below standard, having no real life of its own (9)
7 Ancient Italian with giant tin (5)
8 A Magill product on the way to Skye (7)
14 Fielder or old-fashioned kicker (6-3)
16 American guide to logic, spoiled with rust (4, 5)
17 Ben's fifty-eighth variety is not to be seen (9)
18 Transport conciliators to South America (7)
20 Climbing frame I'll insert upside down (7)
22 Meeting place for goddess (East, not South) (5)
23, 24 Route sheep discovered in Cambridge (10)

Solution to puzzle No. 5,709



Solution and winners of Puzzle No. 5,704



Mrs J. Jarvis, "Sherwood," Marholm Road, Ufford, Stamford, Lincs.
Dr S. G. Mudge, "Square Acre," Stourbridge Road, Penn, Nr. Wolverhampton.
Dr A. M. Smith, 8 Lade Braes, St. Andrews, Fife.
Mr R. Gedling, 27 Wallace Fields, Epsom, Surrey.
Mr R. Brain, 4 Badminton Galsworthy Road, Kingston upon Thames, Surrey.

TELEVISION AND RADIO

SATURDAY

BBC 1

† Indicates programme in black and white

8.30 am The Saturday Picture Show. 10.55 "Goin' Coconuts" starring Donny and Marie Osmond. 12.27 pm Weather News. 12.30 Grandstand, including 12.55 News Summary, Football Focus, Ice Hockey, Racing from Haydock Park, Boxing, Rugby League, and at 4.40 Final Score.

5.05 Tom and Jerry. 5.15 News. 5.25 Regional Variations. 5.30 Keith Harris Show. 6.05 "The Poseidon Adventure" starring Gene Hackman, Ernest Borgnine, Red Buttons and Carol Lynley. 8.00 Eurovision Song Contest from Gothenburg. 10.15 News and Sport. 10.30 Match of the Day. 11.20 Late Late Horror: "Bug," starring Bradford Dillman.

REGIONAL VARIATIONS:

Wales—5.25-5.30 pm Sports News Wales.

Scotland—5.25-5.30 pm Scoreboard. *10.30-11.20 Sportscene.*

Northern Ireland—4.55-5.05 pm Northern Ireland News. 5.25-5.30 Northern Ireland News. 12.55-1.00 am Northern Ireland News Headlines.

England—5.25-5.30 pm London—Sport: South-east—Spotlight Sport and News: All other English regions—Sport and Regional News.

BBC 2

6.25 am Open University. †3.10 pm Saturday Cinema (1) "Bachelor Mother" starring Ginger Rogers. 4.30 Saturday Cinema (2): "Man's *Favourite Sport?" starring* Rock Hudson. 6.25 The Day the Universe Changed. 7.15 News and Sport. 7.30 Wagner's "Ring." 7.50 "Das Rheingold" (with English subtitles). 10.15 "Bad Company," starring Jeff Bridges. 11.45-12.40 am Rugby Special.

London

6.15 am TV-am Breakfast Programme. 9.25 am LWT Information. 9.30 Matt and Jenny on the Wilderness Trail. 10.00 No 73. 11.20 Champions. 12.15 pm World of Sport: 12.20 Boxing—WBA Heavyweight Championship—Greg Page (U.S. holder) v Tony Tubbs (U.S.) from Buffalo, New York. 12.45 News: 12.50 On the Ball. 1.20 The ITV Six from Newmarket and Kempton; 3.10 Speedway—England v Denmark (Third Test) from Cradley Heath: 3.45 Half Time Round Up: 4.00 Speedway—England v Denmark (Third Test); 4.15 Wrestling: 4.45 Results.

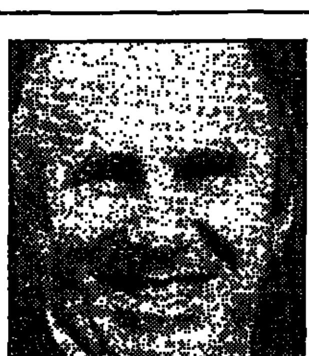
5.00 News. 5.05 Happy Days. 5.30 Connections. 6.00 The Saturday 6 O'clock Show presented by Michael Aspel with Cheryl Baker, Gary Wilmot and Danny Baker. 6.50 The Grumbleweeds Radio Show. 7.20 The Price is *Right. 8.15 Hunter. 9.15 News.* 9.30 Tales of the Unexpected. 10.00 London News Headlines followed by Auf Wiedersehen, Pet. 11.00 "The Car" starring James Brolin. 12.45 am Magnum. 1.40 Night Thoughts with John Newton.

Channel 4

1.05 pm Chips' Comic. 1.30 Enthusiasts. †1.55 "Much Too Shy" starring George Formby †3.40 "Brewster's Millions" starring Dennis O'Keefe. 5.05 Brookside Omnibus. 6.00 The Max Headroom Show. 6.30 No Problem! 7.00 News Summary followed by 7 Days 7.30 Lakeland Rock. 8.15 Winston Churchill: The Wilderness *Years. 9.15 Twenty Twenty Vision:* Divided Britain. 10.00 Hill Street Blues. 10.55 The Late Clive James. †11.40 Naked City. 12.40 am The Paul Hogan Show.

S4C WALES

1.20 pm *Farming on 4.* 1.50 A Question of Economics 2.20 A Week in Politics. 3.05 Kilimanjaro 4.05 Americans At War. 6.05 Where in the World? 6.30 The Avengers 7.30 Newyddion. 7.45 Sion a Sian. 8.15 Portreadau. 8.45 Can penillion. 9.15 Rali Ryngwladol Shell yng nghymru. 10.00 Cynhadledd '85 TUC cymru. 10.10 Hill Street Blues. 11.05 Feature Film: "Quartet."



Clive James Channel 4, 10.55 pm

Regions

IBA Regions as London except at the following times:

ANGLIA

9.25 am Cartoon Time. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm Connections. 5.35 Cartoon Time. 5.50 Riptide. 12.45 am At the End of the Day.

BORDER

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm Film: "Attack on the Iron Coast," starring Lloyd Bridges.

CENTRAL

9.25 am Cartoon Time. 9.35 Scooby Doo. 11.20 Chips. 5.05 pm The Saturday Action Film: "Attack on the Iron Coast," stars Lloyd Bridges and Andrew Keir. 11.00 The Saturday Late Movie: "The Legend of Hell House," starring Roddy McDowall, Pamela Franklin and Clive Revill.

CHANNEL

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 9.57 Puffin's Pla(i)ce. 11.25 Tarzan. 12.14 pm Channel Islands Weather Summary. 5.05 *Puffin's Pla(i)ce.* 5.10 Feature Film "SHE."

GRAMPIAN

9.25 am Cartoon Time. 9.35 Scooby Doo 11.20 Chips. 5.05 pm Cartoon. 5.15 Connections. 5.45 Riptide. 12.45 am Reflections.

GRANADA

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 11.20 Chips. 5.05 pm "Attack on the Iron Coast," *starring* Lloyd Bridges. 11.00 Alfred Hitchcock's "The Birds," starring Rod Taylor and Tippi Hedren. 1.05 am Black Sabbath in Concert.

HTV

9.25 am The Wonderful Stories of Professor Kitzel. 9.30 Captain Scarlet and the Mysterons. †11.20 Fireball XL5. 11.50 Just Our Luck. 12.13 pm HTV News. 5.05 "Attack on the Iron Coast," starring Lloyd Bridges, Andrew Keir, Mark Eden and Sue Lloyd.

SCOTTISH

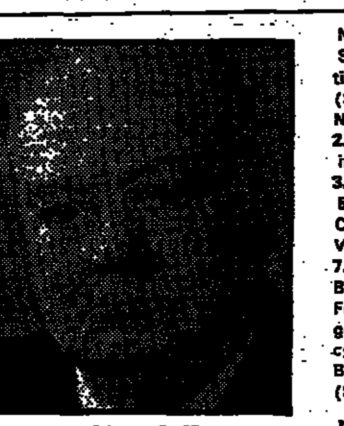
9.25 am Cartoon Time. 9.35 Scooby Doo. 5.05 pm Connection. †5.35 Doo. 11.20 Chips. 5.05 pm Connection †5.35 Feature Film "Escort for Hire" starring June Thorburn, Pete Murray, Jill Melford and Guy Middleton. 12.40 am Late Call.

TSW

9.25 am Cartoon. 9.35 Captain Scarlet and the Mysterons. 9.57 Gus Honeybun's Magic Birthdays. 11.20 Freeze Frame. 12.12 pm TSW Regional News. 5.05 Newsport. 5.10 Feature Film: "SHE" starring Omar Sharif and Cornelia Sharpe. 12.45 am Postscript.

TVS

9.25 am Porky Pig. 9.35 Scooby Doo. 11.20 The Green Hornet. 11.45 Birdman and Galaxy Trio. 12.12 pm TVS Weather. 5.10 Connections. 5.40 The Wonderful Stories of Professor Kitzel. 5.50 Knight Rider. 12.45 am Company.



Churchill Channel 4, 8.15 pm

TYNE TEES

9.25 am Morning Glory. 9.30 Scooby Doo. 9.55 Young Lookaround. 11.20 Chips. 5.05 pm "Attack on the Iron Coast." 12.45 am Poet's Corner.

ULSTER

9.25 Cartoon. 9.35 Scooby Doo. 11.20 Fireball XL5. 11.45 The Smurfs. 12.43 pm Lunchtime News. 4.55 Ulster Sports Results. 5.03 Ulster News. 5.05 *Feature Film:* "Attack on the Iron Coast," starring Lloyd Bridges, Andrew Keir, Mark Eden and Sue Lloyd. 9.25 Ulster *News.* 12.45 am News at Bedtime.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Cartoon Time. 9.35 Scooby Doo. 11.20 Captain Scarlet and the Mysterons. 11.50 Jossie Loves Chachi. 5.05 "Attack on the Iron Coast" starring Lloyd Bridges and Andrew Keir.

Radio

(S) Stereo on VHF

BBC RADIO 3

7.00 am News. 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.25 BBC Scottish Symphony Orchestra in Stirling (S). (12.15 pm Interval Reading). 1.00 News. 1.05 Czech Piano Music (S). 2.00 Handel's Serenata: "Il Parnasso in Festa", sung in Italian (S). (2.55-3.00 Interval Reading). 4.30 Ravel (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S). 7.05 *Send for Manheim.* 7.30 Corelli (S). 7.45 Wagner's "Ring". Boulez conducts the 1980 Bayreuth Festival production of "Das Rheingold," beginning the complete "Ring" cycle broadcast *simultaneously on* BBC2 (S). 10.15 Eder String Quartet (S). 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Pick of the Week (S). 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm I'm Sorry, I Haven't a Clue (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? from Ipswich, Suffolk. 1.55 Shipping Forecast. 2.00 News; Three from Wales. 3.00 News; Instant Sunshine ... Reasonably Together Again (S). 3.30 Trial by Headline (S). 4.15 Enterprise. 4.45 Letter from a Rugby Club. 5.00 *Wildlife* (S). 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Desert Island Discs (S). 7.05 Stop the Week with Robert Robinson (S). 7.45 Baker's Dozen (S). 8.30 *Saturday-Night Theatre:* "Blithe Spirit" by Noel Coward (S). 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Great Peacemakers. 11.00 Science Now. 11.30 In Other Words . . . The Bodgers (S). 12.00-12.15 am News.

SUNDAY

BBC 1

† Indicates programme in black and white

8.55 am Play School. 9.15 Superbook. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Use Your Head. 10.55 Greek Language and People. 11.20 Letting Go. 11.45 The Learning Machine. 12.10 pm Mr Smith's Indoor Garden. 12.35 Farming with Philip Wrixon and Dan Cherrington. 12.58 Weather News for farmers. 1.00 News *Headlines. 1.0 Italy welcomes the* Princess (highlights of the second week of the Prince and Princess of Wales's visit to Italy). 1.30 World of Wildlife. 2.00 EastEnders (omnibus edition). 3.00 "In Which We Serve." *Noel Coward, John Mills and Celia* Johnson head the cast of British stars in this 1942 film. 5.20 Comedy Classic: "It Ain't Half Hot Mum." 5.50 Antiques Roadshow. 6.30 News. 6.40 Praise Be! 7.15 Sorry! 7.45 Juliet Bravo. 8.35 Mastermind. 9.10 News. *9.25 That's Life.* 10.10 The Rock Gospel Show. 10.45 The Past Afloat. 11.10 A Family Band. 11.40 The Sky at Night.

BBC 2

1.55 pm Sunday Grandstand, including Motor Racing: The San Marino Grand Prix, which starts at 2.00; Ice Hockey: The Heineken League Play-Offs Final, which faces off at 3.30; and Rugby League (highlights of yesterday's final between Hull and Wigan at 6.00). 6.50 News Review. 7.15 Stuart Burrows Sings. 7.50 The Orson Welles Story. Arena's film profile—described by The Times as "the greatest performance Welles has ever given"—is shown again to mark his 70th birthday (continued tomorrow at 7.30 pm.) 9.40 Grand Prix. Murray Walker and James Hunt report on the San Marino Grand Prix. 10.10 Bleak House. 11.05-11.50 Rugby League. Harry Gration introduces the Silk Cut Rugby League Challenge—Semi-Final...

London

6.55 am TV-am Breakfast Programme. 9.25 LWT Information. 9.30 Porky Pig. 9.45 Speedy and Daffy. 10.00 Morning Worship from Queen's Cross Church, Aberdeen. 11.00 Getting On. 11.30 Breakthrough. 12.00 Weekend World presented by Brian Walden. 1.00 pm *Police 5. 1.15 The Big Match.* 2.00 A Full Life. 2.30 London News Headlines followed by Afternoon Affair: "Two for the Road," starring Audrey Hepburn and Albert Finney. 4.30 Travellers by Night.

5.00 Now You See It. 5.30 Operation Nestegg. 6.00 The Prince and Princess of Wales in Italy. 6.30 News. 6.40 Highway. 7.15 The Practice. 7.45 A Royal Celebration: Forty Years of Peace—live from The Palace Theatre, Shaftesbury Avenue in the presence of *Princess Anne.* 9.00 News. 9.15 A Royal Celebration: Forty Years of Peace. 10.30 One Summer. 11.30 London News Headlines followed by American documentary: "Nightmare of Cocaine." 12.25 am Night Thoughts with Katharine Whitehorn.

Channel 4

1.05 pm Irish Angle. 1.30 Tennis that Counts. 2.00 A Question of Economics. 2.35 Karl Böhm: The Last Champion of Richard Strauss. 3.15 "Elektra." Götz Friedrich film of Richard Strauss's opera based on Sophocles' tragedy, being shown on British TV for the first time—without commercial breaks.

5.30 News Summary followed by The Business Programme. 6.15 Athletics. 7.15 A Thousand Million Million Ants. 8.15 Mapp & Lucia. 9.15 Guitarra! 9.50 Opinions. †10.20 "Encore." W. Somerset Maugham introduces the film versions of three more of his short stories.

S4C WALES

1.40 pm The making of a climbing series—Lakeland Rock. 2.10 Gardener's Calendar. 2.40 Sunday Opera: "Orfeo ed Euridice." 5.00 The Wine Programme. 5.30 The Business Programme. 6.15 Athletics: The Olde English Cyder Series. 7.15 Sioe Siarad. 7.30 Newyddion. 7.35 Tooyn Tramor. 8.10 ... 'r Galyn. *9.25 Dechrau Canu, Dechrau* Canmol. 9.55 Winston Churchill—The Wilderness Years. 10.55 The Late Clive James. 11.40 Seven Days.

Princess of Wales London, 6.00 pm

Regions

IBA Regions as London except at the following times:

ANGLIA

9.30 am Survival. 1.00 pm Silver Spoons. 1.25 Weather Trends. 1.30 Farming Diary. 3.15 The Bondage Field. 4.15 Cartoon Time. 4.30 Travellers by Night. 11.30 The Irish RM. 12.30 am The Snowbird.

BORDER

9.25 am Gardening Time. 9.55 Border Diary. 1.30 pm Farming Outlook. 3.15 The Return of the Saint. 4.15 Cartoon Time. 5.30 Magnum.

CENTRAL

9.25 am The Wonderful World of Professor Kitzel. 9.30 Breakthrough. 11.30 Gardening Time. 1.30 Here and Now. 3.15 The *Weekend Matinee:* "Toma," starring Tony Musante. 5.30 Return of the Saint. 11.30 Stephane Grappelli in New Orleans.

GRAMPIAN

9.25 am Cartoon. 9.30 Captain Scarlet. 1.00 pm Farming Outlook. 1.30 Operation Nestegg. 2.30 Boxing: Scotland v Ireland. 3.30 Mr Smith. 4.00 Scotsport. 5.30 Travellers by Night. 11.30 New from London—Leader of Cockney Rebel, Steve Harley, in concert. 12.30 am Reflections.

GRANADA

9.25 am Miniature Chess Masterpieces. 9.30 Window on the World. 11.00 Breakthrough. 11.25 Aap Kaa Hak. 11.30 Down to Earth. 1.00 pm The Champions. 3.15 Sunday Matinee: Robert Hutton in "The Sicilians." 6.00 *Now You See It. 11.30 The Return of* the Saint.

HTV

9.30 am Peru—The Hidden Empires. 1.00 pm The Adventurer. 1.30 West Country Farming, followed by Weather *for Farmers. 3.15 Jump Run.* 3.30 Operation Nest Egg. 4.00 The Prince and Princess of Wales in Italy. 4.30 Travellers by Night. 5.00 Definition. 5.30 Falcon Crest. 6.38 HTV News. 11.30 Looks Familiar.

HTV Wales—As HTV West except: 1.00-1.30 pm The *Shell International* Welsh Rally.

SCOTTISH

9.25 am Cartoon Time. 9.30 Breakthrough. 11.30 A Full Life. 1.00 pm Operation Nest Egg. 1.30 Farming Outlook. 2.00 *Cross Current.* 2.30 The Glen Michael Cavalcade. 3.15 Looks Familiar. 5.30 Travellers by Night. 11.30 Late Call. 11.35 About Gaelic.

TSW

9.25 am Getting On, followed by Getting On . . . Plus. 11.00 am Breakthrough. 11.25 Look and See. 11.30 The Crazy World of Sport. 1.00 pm Gardens for All. 1.30 Farming News. 3.15 Fisheries News. 3.25 Gus Honeybun's Magic Birthdays. 3.30 Scarecrow and Mrs King. 4.30 *Travellers by Night. 5.30 Cartoon* Alphabet. 11.30 Legmen. 12.25 am Postscript.

TYNE TEES

9.25 am Morning Glory. 9.30 Getting On. 11.00 Breakthrough. 11.25 Look*around.* 11.30 *Captain Scarlet and* the Mysterons. 1.00 pm Farming Outlook. 1.30 The Smurfs. 3.15 Stunts Unlimited. 5.30 The Prince and Princess of Wales in Italy. 6.00 The Bounder. 11.30 Mission England Choir.

ULSTER

12.58 pm Lunchtime News. 1.00 Advice with Anne Hailes. 1.15 Cartoon Time. 1.30 Bygones. 1.58 Farming Weather. 3.15 Feature Film: "Go West, Young Girl," starring Karen Valentine, Sandra Will, Stuart Whitman and Richard Jaeckel. 6.28 Ulster *News. 9.12 Ulster News.* 11.30 Portraits of Power: "Roosevelt—Hail to the Chief." 12.00 Sports Results.

YORKSHIRE

9.25 am Regional Weather Forecast followed by Getting On. 11.00 Break*through. 11.30 Farming Diary* and Farming Weather. 1.00 pm The Smurfs. 2.30 Sunday Cinema: "Submarine X-1." 4.00 Operation Nestegg. 5.30 The Jimmy Young Television Programme. 11.30 Session. 12.00 Five Minutes.

Radio

BBC RADIO 2

(S) Stereo on VHF

7.30 am Roger Royle says Good Morning Sunday with special guest TV gardener Geoffrey Smith, including 7.45 Bishop Jim Thompson (S). 9.00 Melodies for You introduced by Robin Boyle (S). 11.00 Desmond Carrington *with your Radio 2 All-Time Greats,* including 12.02 pm Sports Desk (S). 1.00 Gloria Hunniford presents Two's Best (S). 2.00 Summer Sounds. 6.30 Charlie Chester with your Sunday Soapbox. 7.30 Cricket Scoreboard. 7.35 Glamourous Nights introduced by Gordon Clyde. 8.30 Sunday Half-Hour from Ballyclare Presbyterian Church, Co Antrim. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.02 Sports Desk. 10.05 Songs from the Shows. 10.45 Andrew Vinter at the *Piano. 11.00 Sounds of Jazz.*

BBC RADIO 3

7.00 am News. 7.05 Amadeus Quartet (S). 8.00 Bach Cantatas 1724 (S). 8.20 Domenico Scarlatti (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 *Music Weekly* (S). 11.15 Boston Symphony Orchestra (S). 12.00 Words. 12.05 pm Boston SO (S). 12.45 Shostakovich, Stravinsky and Prokofiev violin and piano recital (S). 1.30 Rameau's *Distant Dancers* (S). 2.15 Jon Kimura Parker (S). 3.15 Scottish Chamber Orchestra (S). 3.55 Interval reading. 4.50 Delme String Quartet (S). 5.30 New Premises. 6.15 Colin Matthews (S). 6.50 A Net of Fireflies: American songs and song cycles by Persichetti, Theodore Chanler, Charles Griffes (S). 7.30 "*Dissonance.*" Play by Sandra Freeman about an emotionally-charged period in the life of Nietzsche, with Mike Gwilym as the German philosopher and writer (S). 8.50 Rudolf Schwarz conducting the City of Birmingham SO, part 1: Mozart, Ravel (S). *9.35 Dr Johnson's* Orange Peel. 9.55 Concert, part 2: Mahler (Symphony No 4) (S). 11.00 Ivan Moravec piano recital (S). 11.57-12.00 News.

BBC RADIO 4

8.00 *am News. 8.10 Sunday Papers.* 8.15 Sunday presented by Clive Jacobs. 8.50 Week's Good Cause. Appeal on behalf of Friends for the Young Deaf Trust. 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. *9.30 Morning Service.* 10.15 The Archers. 11.15 The Food Programme. 11.40 Home-ing In. 12.10 pm It's Your World: 01-850 4411. Dr Peter Onu, acting secretary general of the Organisation of African Unity answers questions from around the world (simultaneous broadcast with BBC World Service). 12.55 Weather. 1.00 The World this Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 4.00 News; The Mosquito *is Winning. 4.30 The Living World.*

5.00 News. 5.05 Glorious John. Sir John Barbirolli is the subject of the first in a new series of six profiles of British conductors. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 More Wrestling than Dancing. 6.30 Bookshelf. 7.00 Travel; The Meistersinger. 7.30 The Thatcher Phenomenon. 8.00 The Making of Chagall. 8.30 A World in Edgeways (S). 9.00 News; Daughters and Sons by Ivy Compton-Burnett (S). 9.58 Weather. 10.00 News. 10.15 You the Jury (S). 11.00 There's Music in God (S). 11.15 Inside Parliament. 12.00-12.15 am News.

London, SW1. Tel 01-930 2241.